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FOREWORD by Cllr Ged Bretherton Cabinet Member

I am pleased to introduce the Statement of Accounts for the Council. The 2010/11 financial year has been extremely difficult as the Council has had to adapt quickly and place itself on a sound platform to meet the financial constraints that will effect the future of the Local Government.

Managing the finances of such a large organisation is extremely important and the 2010/11 accounts shows the community where it receives its money from and what it spends it on. The accountability of public funds provides assurance to the taxpayer and the Government that we are taking our responsibilities very seriously and that risks are managed in a proper considered manner. The Council seeks to maintain a reasonable level of revenue balances to assist with budget planning and longer term stability and to smooth out wherever possible any year on year increases which may be required from the Council Tax payers of Wigan.

The 2010/11 financial year has delivered a number of significant challenges which have been met by the Council. The new Government introduced emergency budget measures in the summer of 2010 which resulted in the Council losing approximately £6m of funding which it had already built into its spending plans. The Government also indicated of the potential austerity measures that would need to be put in place to make the necessary improvement to the economy. As a result the Council reacted quickly and introduced measures to minimise the impact of the proposals by cutting in year budgets and placing an embargo on non essential spend.

Wigan has for a number of years had an excellent reputation as an efficient low spending Council. It has continued to consult with its stakeholders on its budget and has developed a corporate plan setting out its priorities for improvement.

The Council's financial strategy remains to achieve a balanced budget with no structural funding deficit. However to maintain this, significant changes to the services that the Council provides will be necessary to ensure that the delivery of services remains affordable.

Councillor Ged Bretherton
30 June 2011

EXPLANATORY FOREWORD by the Director Corporate Services – Resources

Introduction

The Statement of Accounts is a statutory publication that sets out the financial results of the Council's activities for the year ended 31 March 2011. The accounts have been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting based on International Financial Reporting Standards (IFRS) for 2010/11 and any other Accounting Codes of Practice published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The most significant change in accounting requirements that has been introduced for the 2010/11 financial year is the introduction of International Financial Reporting Standards. The major changes relate to the treatment of government grants, leasing, asset accounting and classification of assets, the requirement to accrue for employee benefits and segmental reporting. There are also a significant number of minor changes and increased disclosure requirements. The impact of these changes do not affect the charges to the Council Taxpayer due to the introduction of a statutory instrument to override any impact on the general fund. More detail on the changes is dealt with below and in the accounting policies and notes to the accounts.

The overriding requirement of the Code of Practice is that the Statement of Accounts 'presents a true and fair view' of the financial position and transactions of the Council. This explanatory foreword is required by the Code and similarly seeks to explain as fairly as possible the most significant matters reported in the accounts. Wherever possible the use of technical language is avoided, however inevitably some technical language is used and a glossary is provided at the back of the publication to explain some of the technical terms.

The Council's accounts for the year 2010/11 are set out on pages 2 to 126 and in addition to this foreword they consist of:

- The statement of accounting policies which explains the basis for the recognition, measurement and disclosure of transactions in the accounts.

- The Comprehensive Income and Expenditure Statement for 2010/11 shows the accounting cost in year of providing services with generally accepted accounting practices, rather than the amount to be funded by taxation.

- The Movement in Reserves Statement shows the movement in year on the different reserves held by the Council, analysed into "usable reserves" (those that can be applied to fund expenditure or reduce taxation) and other reserves.

- The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. For this statement of accounts that date is 31 March 2011.

- The Cash Flow Statement which summarises the total movement of cash and cash equivalents during 2010/11.

- The Notes to the Statement of Accounts.

- The Housing Revenue Account which separately summarises the transactions relating to the Council's housing stock.

- The Collection Fund which separately summarises the transactions in relation to National Non-domestic Rates and Council Tax.

- The Statement of Responsibilities for the Statement of Accounts which sets out the responsibilities of the Council and the Service Director Corporate Services – Resources for the accounts.

- The Annual Governance Statement which reviews how the Council conducts its business.

Accounting Issues

The introduction of IFRS as mentioned above has introduced a number of changes. The most significant changes are;

- Under IFRS Councils must accrue for any employee benefit that has not been taken at the end of the financial year. In effect this means any Leave, Flexi time or Time off in Lieu (TOIL) must be recognised on the balance sheet as a liability with a corresponding charge to the Comprehensive Income and Expenditure Statement. The Department for Communities and Local Government (CLG) have issued mitigating guidance that reverses the impact of this accrual otherwise it would adversely impact upon the balances of Councils countrywide.

- Grants and contributions for capital purposes will be recognised as income immediately rather than being deferred and released to revenue to match depreciation.

- The main financial statements have changed and now incorporate a Movement in Reserves Statement (MIRS), a Comprehensive Income and Expenditure Statement, Balance Sheet and Cashflow Statement. In addition further disclosures are required for segment reporting.

- There is a greater emphasis on component accounting, and a greater emphasis on derecognising parts of an asset that are replaced.

- Property leases are classified and accounted for as separate leases of land and buildings. Local authorities will also need to assess whether other arrangements contain the substance of a lease.

- Investment properties are measured at fair value, with gains and losses recognised in Surplus or Deficit rather than through the revaluation reserve.

- Impairment losses will be taken initially to the revaluation reserve to the extent that there is a balance on that reserve relating to the specific asset.

- The Code introduces a new classification of non-current assets held for sale. Specific criteria apply to this classification.

An explanation of the impact of any changes arising from implementing the Code have been fully disclosed in the notes to the main accounting statements.

Revenue Expenditure in 2010/11

The deficit for the year is £16.958m and an overall comparison of the actual position for 2010/11 compared with the budgeted figures for the financial year is set out below.

	Original Estimate £'000	Actual £'000	Variations £'000
Net Position on Services	231,958	248,916	16,958
Passenger Transport Levy	20,729	20,729	0
Receipts from Council Tax, Business Rates and Revenue Support Grant	-245,920	-245,920	0
Total Surplus(-)/Deficit for the year	**6,767**	**23,725**	**16,958**

The deficit of £16.958m is significantly greater than that anticipated when the original budget was set. This increase is made of a significant number of variations but the main ones are discussed below:

- The Council has recognised the claims against it in respect of Equal Pay. These are currently estimated at £7.8m. Accounting guidelines require that this liability is recognised in the accounts as it is now more certain that the claims will be settled in 2011/12. The Council had earmarked the use of balances within its medium term financial plan to meet this liability.

- During 2010/11 the Council put emergency measures in place in an attempt to address the funding pressures that the Government introduced in 2010/11 when it ceased a number of grant streams totalling some £6m. The measures would also be used to mitigate the savings that the Council has to find as a result of the government's spending review for 2011/12 and beyond.

- These measures provided the necessary funding in 2010/11 to meet the costs of voluntary redundancies of £7m incurred during the year. However further redundancies with an estimated cost of £6m were announced in March 2011 and these have now contributed towards the budget deficit reported. In line with proper accounting practice these costs have also been recognised within the 2010/11 accounts.

As a direct result of the defict in 2010/11 the level of Council Balances have reduced to £20.591m (£44.316m in 2009/10). Subject to a prudent level remaining balances will be utilised to continue to support some of the major pressures and issues facing the Council.

The Council has a proven track record of efficiently managing its spend against budget and as a result of this year on year underspends have allowed the Council to use the flexibility of balances to help maintain low Council Tax rises, enhance services and provide valuable additional funding to the capital programme when necessary. As the level of balances held fall, then this can place stress on the financial framework and potentially create instability and difficulties for the medium term forecast.

The following tables summarise the Council's income and expenditure and shows the spend net of any income for larger services.

Where the Money comes from:

	£'000	%
Grants and Contributions	501,600	54.7
Council Tax	112,991	12.3
National Non Domestic Rates	116,206	12.8
Rents, Fees and Charges	186,466	20.3
Total	**917,264**	**100.0**

What the Money is spent on:

	£'000	%
Employees	336,981	36.7
Capital Financing	67,409	7.3
Other Operating Costs	533,576	58.2
Transfer to Balances	-20,702	-2.3
Total	**917,264**	**100.0**

Where the Money is spent (significant services only):

	£'000	%
Children's and Education Services	387,389	43.7
Economy, Environmental, Culture and Housing	231,018	26.0
Adult Social Care	141,323	15.9
Central Services to the Public, Governance, Policy and Support	127,880	14.4
Total	**887,610**	**100.0**

Capital Expenditure 2010/11

The Council spent over £55m on its capital programme in 2010/11. The programme underpins the Council's objectives and provides for investment in long term assets which are used to deliver the Council's services. The largest spending areas were :-

	£'000	%
Housing Services	25,346	45.3
Children's and Education Services	16,336	29.2
Highways and Transport Services	8,250	14.7
Cultural, Environmental, Regulatory and Planning Services	4,933	8.8
Adult Social Care	1,080	2.0
Total	**55,945**	**100.0**

A number of capital projects spent less than originally planned in 2010/11 and expenditure on the following has been re-phased into 2011/12 and future years:

- Devolved Capital – Community Schools
- Vehicle Replacement Programme
- Borsdane Precinct Redevelopment
- Saddle Junction
- HR & Payroll System
- Capitalised Repairs

Borrowing Facilities

The majority of all approved borrowing has been secured via the Public Works Loan Board (PWLB). The PWLB offers borrowing at rates only slightly above rates at which the Government secures its borrowing. It has traditionally been considered to be the most cost effective source of obtaining "traditional" funding. The level of PWLB borrowing at 31 March 2011 was £345.1m.

In contrast, the Capital Financing Requirement (as defined in the Prudential Framework for Capital Accounting), which measures the underlying need to borrow to finance capital expenditure was some £439.5m as at 31 March 2011. The Council's adopted strategy in previous years has been to defer elements of its borrowing requirements by funding this temporarily by available 'free' internal resources. During the year, the Council has sought to reduce its long-term borrowing liabilities further and in doing so has reduced its exposure to credit risk associated with investment holdings.

Other Matters

International Accounting Standard 19 (IAS)

This standard covers a wide area relating to Employee Benefits. The most significant area that have been applied to the Council are discussed below:

- **IAS19 – Pension Benefits**

The application of IAS 19 requires employers to report the full cost of pension benefits as they are earned regardless of whether they have been paid for and the fact that they may not be due and payable for many years. The position for 2010/11 has improved significantly when compared to 2009/10 due to the fact that the pension increase assumption this year will be in line with the Consumer Prices Index (CPI) rather than the Retail Price Index (RPI). This measure formed part of the government's Emergency Budget announcement in June 2010.

The pension liability now stands at £195m (a decrease of £238m compared to 2009/10). This liability is matched by a pensions reserve and therefore has no impact on the Council's revenue balances.

- **IAS19 – Accumulated Absences**

The code requires the identification of any untaken leave, flexi and time off in lieu as at the balance sheet date which in this case is 31 March 2011. This must then be included in the accounts as a cost to the Council. However there is no impact upon the balances held by the Council as there is a statutory override in place to eliminate any impact upon the Council Tax payer. The figure calculated for 2010/11 was £6.8m.

- **IAS19 – Termination Benefits**

Termination benefits are defined as the amounts payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits.

In March 2011 the Council announced that redundancies would be required during 2011/12 to enable it to meet its budget deficit. At that time it was estimated that the cost of these redundancies would be £6m. IAS19 requires that as the decision was made public prior to the end of the financial year then these costs must be included in the 2010/11 accounts. A provision has been created to meet these future costs.

Revaluation of Assets

The Council values 20% of its assets annually on a 5 year rolling programme. This valuation provides the Council with an up to date value for its asset portfolio and reflects the market conditions. The value of assets can fluctuate significantly due to a number of factors such as, market conditions resulting in a rise or fall in specific asset values or evidence of obsolescence where physical damage to the asset has occurred.

In 2010/11 the assets of the Council reduced in value by £49.6m (£73.7m in 2009/10). This excludes Council House Dwellings which are discussed below.

Housing Revenue Account (HRA)

The Council is required to keep a separate account in respect of Council housing. The HRA will show the major elements of expenditure (maintenance, management and capital financing) and income (rents, charges and Housing Subsidy).

The HRA Statement of Accounts has two parts; the HRA Income and Expenditure Statement and the Movement on the Housing Revenue Account Statement.

The HRA commenced the 2010/11 financial year with a surplus of £9.6m. During the year £2.4m of revenue resources were used to support the capital programme. The HRA ended the year with an accumulated surplus of £12.6m. This represents the final surplus position after accounting for the entries within the Movement on the Housing Revenue Account Statement.

The surplus will be partially used in 2011/12 to support the capital programme and to cover the significant amount that the HRA will now have to contribute to the National HRA Housing Subsidy system. A prudent level of surplus, £4.0m, will be retained to cover unforeseen circumstances in 2011/12 and future years.

In 2010/11 a £12.9m contribution from the Major Repairs Reserve was used to provide additional funds for housing stock refurbishment. The Major Repairs Reserve balance was £0.921m as at 31 March 2011.

The Council borrowed £0.928m to support the 2010/11 HRA Capital Programme. The borrowing was specifically to support the Affordable Housing New Build programme which saw Wigan Council provide 14 new HRA dwellings in 2010/11. The Affordable Housing New Build programme was also supported by grant funding from the Homes & Communities Agency. The programme will continue in 2011/12 with the completion of the development at The Orchards in Leigh.

The Council uses Wigan & Leigh Housing Company Ltd to manage the Council's housing stock and other housing activities (Homelessness and Housing Advice for example) that were previously administered by the Housing Department. The Council retains ownership of the housing stock and other associated assets.

The value of Council Dwellings has reduced from £804m in 2009/10 to £579m in 2010/11. This is as a result of the change in the calculation introduced by CLG in its stock valuation for resource accounting guidance issued during the year.

From April 2012 the Government has announced that greater freedom will be given to Local Council's by ceasing the current system of Housing Subsidy. Council's will be allowed to keep all of the rent that is raised locally which will provide greater flexibility on local housing decisions. However a one off payment to Central Government will be required to buy out of the current system. The exact level of this payment is still being assessed but could potentially be around £100m which will be financed from PWLB loans.

Schools

Schools have responsibility for their budgets and may carry forward their own balances. In 2010/11 the cumulative level of balances held by the schools has decreased by £0.247m and now stands at £8.610m. Whilst these balances are not available to the Council, the level of school balances remains a major concern at both national and local levels and so the Government expects local authorities working with the Schools Forum to continue to review the level of school balances and continue to utilise the clawback scheme to re-distribute excessive and uncommitted surplus revenue funding.

PFI

During 2011/12 the flagship Wigan Life Centre is due to open and will provide a multi agency one stop shop, library, swimming pool and gym facilities. The scheme is operated under a private financing initiative (PFI) which is a contract between a private contractor and the Council for the use of fixed assets. The Council will pay an annual charge for the use of the facility over a 25 year period. The annual charge will be funded from the savings made by rationalising the Council's office accommodation.

Under accounting regulations the asset, whilst not owned by the Council, will be shown on the Council's Balance Sheet from 2011/12 onwards, as the Council is deemed to have control over the services that are provided and the asset will pass to the Council at the end of the contract.

Financial Outlook

The Council, over the last two years has been taking measures to deal with the number of pressures which have been emerging and to put the Council in a position where it was better able to meet the future financial pressures that have been introduced by the Government.

It has addressed its Capital programme deficit which previously stood at £7m. It made an in year decision to introduce an across the board budget reduction of 3%, in preparation to meet the costs of anticipated voluntary redundancies and it placed an embargo on all non essential spend. It also undertook a review of the senior management structure of the Council resulting in projected savings of £1m per annum.

The Council has announced that, over the next 3 years, it needs to make cuts of £52m in its budget to meet with the Governments' spending plans for Local Government and this has been built into the Medium Term Forecast.

The Council, as part of its Budget setting process, has published a Medium Term Forecast for 2011/12 – 2013/14. The Medium Term Forecast helps to give greater stability and predictability to the Council's finances by looking to the future to ensure strategic changes are implemented in a timely manner. The forecast includes a number of assumptions and risks which need careful consideration as to the potential impact upon the level of balances that the Council holds, particularly the uncertainty surrounding 2013/14 and beyond.

The Council has traditionally operated with balances at or about 5% of the net budget requirement for many years and this has proved to be appropriate in light of the many challenges the Council has faced. The position on balances will be reviewed to ensure a prudent level is maintained.

Local Government is facing an uncertain future as the Government's austerity measures start to impact upon Councils. Further to this there is a fundamental review of the financing of Local

Government underway which may have a significant impact on the Council. One proposal is to allow the retention of business rates income to move more towards localism and incentivise Councils to increase business growth in their area. The change to financing is not due to be introduced until the 2013/14 financial year but the risk will be recognised in future budget forecasts.

In addition, during 2010/11 the Government commissioned Lord Hutton to review public sector pensions. The interim findings of this report have suggested that employees should make higher contributions, funds should not be based upon final salary schemes and also there should be an increase in the pension age. The final details have yet to be issued but if the above proposals are accepted then potentially any increase to the employers contributions towards the Local Government Pension Scheme could be minimised.

Concluding Remarks

It is recognised that the full Statement of Accounts is a statutory document and therefore must comply with detailed technical accounting requirements which may not be easily understood by the reader. Therefore a summary of the accounts will also be available once the statutory audit has been completed.

I would like to take the opportunity to pass on my thanks to all the staff who have contributed to the completion of the Statement of Accounts. Given the continual development of accounting standards and their complex nature, producing the accounts ready for approval by the end of June is a considerable achievement.

Further information about the accounts is available from the Finance Division of the Resources Directorate, Civic Centre, Millgate, Wigan. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. For 2010/11 the inspection date will start on July 25th and the appointed day for raising queries with the External Auditors will be August 22nd. The full pre-audited Statement of Accounts will be made available on the Council website at the beginning of July.

P McKevitt BA(Hons), ACMA
Director Corporate Services – Resources Directorate
30 June 2011

MOVEMENT IN RESERVES STATEMENT 2010/11

This Statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other reserves. The 'Surplus or (deficit) on the provision of services' line shows the true economic cost of providing the Council's services, more details of which are shown in Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charges to the General Fund Balance and Housing Revenue Account for Council Tax setting and dwellings rent setting purposes. The 'Net increase /Decrease before transfers to earmarked reserves' line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Single Entity	Note	General Fund Balance	Earmarked GF Reserves	Housing Revenue Account	Major Repair Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2009		**43,122**	**43,538**	**9,446**	**0**	**0**	**19,014**	**115,120**	**776,536**	**891,656**
Movement in Reserves during 2009/10										
Surplus or (deficit) on provision of services		-74,325	0	30,885	0	0	0	**-43,440**	0	**-43,440**
Other Comprehensive Expenditure and Income		0	0	0	0	0	0	**0**	-229,656	**-229,656**
Total Comprehensive Expenditure and Income		**-74,325**	**0**	**30,885**	**0**	**0**	**0**	**-43,440**	**-229,656**	**-273,096**
Adjustments between accounting basis & funding basis under regulations	**6**	77,947	0	-30,713	0	0	6,205	**53,439**	-53,439	**0**
Net Increase / Decrease before Transfers to Earmarked Reserves		**3,622**	**0**	**172**	**0**	**0**	**6,205**	**9,999**	**-283,095**	**-273,096**
Transfers to / from Earmarked Reserves	**21**	-2,428	2,428	0	0	0	0	**0**	0	**0**
Increase / Decrease in Year		**1,194**	**2,428**	**172**	**0**	**0**	**6,205**	**9,999**	**-283,095**	**-273,096**
Balance at 31 March 2010 carried forward		**44,316**	**45,966**	**9,618**	**0**	**0**	**25,219**	**125,119**	**493,441**	**618,560**
Movement in Reserves during 2010/11										
Surplus or (deficit) on provision of services		42,407	0	-220,494	0	0	0	**-178,087**	0	**-178,087**
Other Comprehensive Expenditure and Income		0	0	0	0	0	0	**0**	165,792	**165,792**
Total Comprehensive Expenditure and Income		**42,407**	**0**	**-220,494**	**0**	**0**	**0**	**-178,087**	**165,792**	**-12,295**
Adjustments between accounting basis & funding basis under regulations	**6**	-55,715	0	223,306	1,131	0	-3,906	**164,816**	-164,816	**0**
Net Increase / Decrease before Transfers to Earmarked Reserves		**-13,308**	**0**	**2,812**	**1,131**	**0**	**-3,906**	**-13,271**	**976**	**-12,295**
Transfers to / from Earmarked Reserves	**21**	-10,417	10,417	210	-210	0	0	**0**	0	**0**
Increase / Decrease in Year		**-23,725**	**10,417**	**3,022**	**921**	**0**	**-3,906**	**-13,271**	**976**	**-12,295**
Balance at 31 March 2011 carried forward		**20,591**	**56,383**	**12,640**	**921**	**0**	**21,313**	**111,848**	**494,417**	**606,265**

COMPREHENSIVE INCOME & EXPENDITURE STATEMENT FOR YEAR ENDED 31 MARCH 2011

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2009/10 Gross Expenditure £'000	2009/10 Gross Income £'000	2009/10 Net Expenditure £'000		Notes	2010/11 Gross Expenditure £'000	2010/11 Gross Income £'000	2010/11 Net Expenditure £'000
			Expenditure On Services				
35,005	29,362	5,643	Central Services to the Public		37,236	30,609	6,627
81,572	16,025	65,547	Cultural, Environmental, Regulatory & Planning Services		84,734	17,041	67,693
326,320	254,500	71,820	Children's & Education Services		362,102	276,419	85,683
48,530	6,802	41,728	Highways & Transport Services		48,436	5,493	42,943
118,219	159,618	-41,399	Housing Services		375,327	164,828	210,499
126,733	42,953	83,780	Adult Social Care		131,765	38,416	93,349
8,826	452	8,374	Corporate & Democratic Core		8,596	530	8,066
21,060	0	21,060	Non Distributed Costs		-80,136	0	-80,136
766,265	**509,712**	**256,553**	**Net Cost Of General Fund Services**		**968,060**	**533,336**	**434,724**
68,662	0	68,662	Other Operating Expenditure	**7**			855
170,355	141,411	28,944	Financing and investment income and expenditure	**8**			27,418
0	310,718	-310,718	Taxation and Non Specific Grant Income	**9**			-284,910
1,005,282	**961,841**	**43,441**	**Surplus or Deficit on the provision of services**				**178,087**
0	9,044	-9,044	Surplus or deficit on revaluation of Property, Plant and Equipment assets				-9,092
0	0	0	Surplus or deficit on revaluation of available for sale financial assets				0
238,700	0	238,700	Actuarial gains / losses on pension assets / liabilities				-156,700
0	7	-7	Other Gains and Losses				0
		229,648	**Other Comprehensive Income and Expenditure**				0
		273,089	**Total Comprehensive Income and Expenditure**				**12,295**

I certify that the Comprehensive Income & Expenditure Statement and related accounts show a true and fair view of the financial position of Wigan Council.

P McKevitt BA(Hons), ACMA
Director Corporate Services – Resources Directorate
30 June 2011

BALANCE SHEET AS AT 31 MARCH 2011

The Balance Sheet shows the value as at the Balance Sheet date of the asset and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line “Adjustments between accounting basis and funding basis under regulations”.

01.04.09	31.3.10 £’000		Notes	31.3.11 £’000
1,648	1,725	Intangible Assets	12	1,999
1,374,748	1,336,725	Property, Plant and Equipment	10	1,096,009
35,097	34,228	Investment Property	11	35,598
10,766	10,766	Long Term Investments	13	10,765
9,389	11,480	Long Term Debtors	13	13,383
1,431,648	**1,394,924**	**Long Term Assets**		**1,157,754**
1,198	1,112	Inventories	16	854
44,870	51,319	Short Term Debtors	17	49,737
1,220	1,146	Assets Held for Sale	19	1,723
54,808	47,793	Cash and Cash Equivalents	18	41,377
0	895	Intangible Current Assets (LATS)		851
102,096	**102,265**	**Current Assets**		**94,542**
770	9,644	Short Term Borrowing	13	25,905
42	82	Provisions	21	16,851
67,053	67,125	Creditors	20	68,514
67,865	**76,852**	**Current Liabilities**		**111,270**
6,145	5,394	Provisions	21	3,171
359,618	345,100	Long term borrowing	13	319,192
152,520	17,333	Other Long Term Liabilities	14	16,393
190,396	433,213	Defined Benefit Pension Scheme	40	195,480
1,365	736	Capital Grants Receipts in Advance	33	525
574,226	**801,776**	**Long Term Liabilities**		**534,761**
891,653	**618,560**	**Net Assets**		**606,265**
115,119	125,119	Usable Reserves	22&23	111,848
776,534	493,441	Unusable Reserves	24	494,417
891,653	**618,560**	**Total Reserves**		**606,265**

I certify that the Balance Sheet and related accounts present a true and fair view of the financial position of Wigan Council at 31 March 2011.

P McKevitt BA(Hons), ACMA
Director Corporate Services – Resources Directorate 30 June 2011

CASH FLOW STATEMENT FOR YEAR ENDED 31 MARCH 2011

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the Council.

2009/10 £'000		Notes	2010/11 £'000
	Operating Activities		
43,440	**Net Surplus or Deficit on the provision of services**		**178,087**
-88,478	Adjustments to net surplus or deficit on the provision of services for non cash movements		-234,360
25,817	Interest Paid		25,682
-2,524	Interest Received		-3,424
-1,000	Dividends Received		0
-66,185	**Net Cash flows from Operating Activities**		**-212,102**
	Investing Activities		
	Cash Outflows:		
62,327	Purchase of Fixed Assets		54,724
948	Other Capital Cash Payments		1,910
	Cash Inflows:		
-865	Sale of Fixed Assets		-2,815
-38,803	Capital Grants Received		-24,283
23,607	**Net Cash Outflow from Investing Activities**		**29,536**
	Financing Activities		
14,518	Net Repayments of Amounts Borrowed – Long Term		9,647
509	Net Repayments of Amounts Borrowed – Transferred Debt		1,248
-8,874	Net Repayments of Amounts Borrowed - Short Term		0
6,153	**Net Cash Outflow from Financing Activities**		**10,895**
7,015	Net increase (-) / decrease in cash and cash equivalents		6,416
54,808	**Cash and cash equivalents at the beginning of the period**		**47,793**
47,793	**Cash and cash equivalents at the end of the period**		**41,377**

NOTES TO THE CORE FINANCIAL STATEMENTS

1. IFRS 1 First-time Adoption of International Financial Reporting Standards

The Statement of Accounts for 2010/11 is the first to be prepared on an IFRS basis. Adoption of the code has resulted in the restatement of various balances and transactions, with the result that some amounts presented in the financial statements are different from the equivalent figures in the 2009/10 accounts.

The following narrative explains the material differences between the amounts presented on the 2009/10 financial statements and the equivalent amounts presented in the 2010/11 statements. The tables show the effect on the balances of transition to IFRS at 1 April 2009 and 31 March 2010 and the restated position of the Comprehensive Income and Expenditure Statement for 2009/10.

Short-term accumulating compensated absences (Employee Benefits)

This refers to the benefits that employees receive as part of their contract of employment, entitlement to which is built up as they provide services to the Council. The most significant element is holiday pay.

Employees build up an entitlement to paid holidays as they work. Under the Code, the cost of providing holidays and similar benefits is required to be recognised when employees render services that increases their entitlement to future compensated absences. As a result, the Council is required to accrue for any annual leave earned and not taken at the 31 March each year. Under previous accounting arrangements, no such accrual was required.

The Government has issued regulations that mean local authorities are only required to fund holiday pay and similar benefits when they are used, rather than when employees earn the benefits. Amounts are transferred to the accumulated absences account until the benefits are used.

Government Grants - Capital

Under the Code, grants and contributions for capital schemes are recognised as income when they become receivable. Previously, grants were held in a grants deferred account and recognised as income over the life of the assets which they were used to fund.

As a consequence of adopting the accounting policy required by the Code, the financial statements have been amended as follows:

The balance on the Government Grants Deferred Account as at the 31 March 2009 has been transferred to the Capital Adjustment Account.

Those deferred government grants previously recognised as income in 2009/10 have been removed from the Comprehensive Income and Expenditure Account in the comparative figures.

Capital grants received in 2009/10 which were not used were not recognised as income in the Comprehensive Income and Expenditure Account. Following the change in policy the grants have been recognised in full and transferred to the Capital Grants Unapplied Account within the reserves section of the balance sheet.

Government Grants - Revenue

Where a Council was holding a revenue grant on the balance sheet to be matched to future expenditure, and there were no conditions (as defined by the Code) in respect of that grant, the grant would be recognised immediately under the Code and not held as a creditor balance. The income will be credited instead to an earmarked reserve to be spent in future years.

Property, Plant and Equipment (PPE)

The Code has introduced two new classifications – non - current assets held for sale and PPE surplus assets. The criteria for the classification of investment properties has also been revised so that only properties held solely to earn rentals or capital appreciation are held under this category on the balance sheet. These changes have required the following amendments to the balance sheet and comprehensive income and expenditure account. Investment properties are measured at fair value, with gains and losses recognised in Surplus or Deficit rather than through the revaluation reserve. Impairment losses will be taken initially to the revaluation reserve to the extent that there is a balance on that reserve relating to the specific asset.

The effect of these changes are illustrated below for the balance sheet at 31 March 2009 and 31 March 2010 and for the Comprehensive Income and Expenditure Statement for 2009/10.

BALANCE SHEET 01/04/2009	Balance at 1.4.09 SORP £'000	Assets £'000	Grants £'000	Cash £'000	Provisions £'000	Employee Benefits £'000	Balance at 1.4.09 IFRS £'000
Other Land & Buildings	409,306	29,588					438,894
Assets Under Construction	17,588	-508					17,080
Surplus Assets (SORP Non Op)	19,210	-19,210					0
Surplus PPE	0	31,430					31,430
Investment Properties	81,898	-46,801					35,097
Assets Held for Sale	0	1,220					1,220
Investments	44,013			-44,013			0
Cash & Cash Equivalents	12,160			42,648			54,808
Creditors	77,383		-16,349			6,019	67,053
Provisions - Current Liability	0				45		45
Cash Overdrawn	1,365			- 1,365			0
Government Grants Deferred / Unapplied	168,299		-168,299				0
Capital Grants Receipts in Advance	0		1,365				1,365
Provisions	6,187				-45		6,142
Capital Adjustment Account	734,741	-1,609	147,921				881,053
Revaluation Reserve	94,550	-2,677					91,873
Employee Accumulated Absences Account	0					-6,019	-6,019
Capital Grants Unapplied Reserve	0		19,013				19,013
Earmarked Reserves	27,189		16,349				43,538

BALANCE SHEET 2009/10	Balance at 31.3.10 SORP £'000	Assets £'000	Grants £'000	Cash £'000	Provisions £'000	Employee Benefits £'000	Balance at 31.3.10 IFRS £'000
Other Land & Buildings	391,456	6,369					397,825
Community Assets	4,484	-277					4,207
Assets Under Construction	6,368	329					6,697
Surplus Assets (SORP Non Op)	23,756	-23,756					0
Surplus PPE	0	11,316					11,316
Investment Properties	44,259	-10,031					34,228
Investments	36,447			-36,447			0
Assets Held for Sale	0	1,146					1,146
Cash in Hand	15,042			32,767			47,809
Creditors	74,435		-17,165			4,993	62,263
Provisions - Current Liability	0				83		83
Cash Overdrawn	3,680			-3,680			0
Government Grants Deferred / Unapplied	187,767		-187,031		-736		0
Capital Grants Receipts in Advance	0				736		736
Provisions	5,477				-83		5,394
Capital Adjustment Account	663,844	22,277	161,812				847,933
Revaluation Reserve	120,973	-37,181					83,792
Employee Accumulated Absences Account	0					4,993	4,993
Capital Grants Unapplied Reserve	0		25,219				25,219
Earmarked Reserves	28,801		17,165				45,966

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	at 31.3.10 SORP £'000	Grants £'000	Capital £'000	Employee Benefits £'000	at 31.3.10 IFRS £'000
Central Services to the Public	5,892	- 17	- 262	30	5,643
Cultural, Environmental, Regulatory & Planning Services	65,030	- 6	1,096	- 573	65,547
Children' s & Education Services	77,123	- 766	1,271	- 5,808	71,820
Highways & Transport Services	40,093	- 11	1,763	- 117	41,728
Housing Services	1,454		398	- 43,252	- 41,399
Adult Social Care	83,080	- 42	1,311	- 569	83,780
Corporate & Democratic Core	8,374				8,374
Non Distributed Costs	13,849			7,211	21,060
Gain or Loss on disposal of fixed assets	54,474			13,061	67,535
(Surpluses)/deficits on trading undertakings not included in Net Cost of Services	-1,664	- 184	- 811		-2,659
Interest & Investment Income	-5,653			- 427	-6,080
Gains and Losses on the revaluation of Investment Property	0			- 4,707	-4,707
Capital Grants	-56,326		53	- 38,802	-95,075

2. Accounting Standards that have been issued but have not yet been adopted

The adoption of FRS 30 'Heritage Assets' from 2011/12 will result in a change in accounting policy, therefore requiring disclosure in the 2010/11 accounts. As a new requirement the Council shall recognise Heritage Assets as a separate class of assets for the first time in the 2011/12 financial statements in accordance with FRS 30.

Heritage Assets are assets preserved in trust for future generations because of their cultural, environmental or historical associations. The standard applies to assets held and maintained by the Council for the contribution of knowledge and culture.

The amount of assets expected to be reclassified as Heritage Assets is £1.9m these are currently classified as Community Assets in the 2010/11 financial statements.

3. Critical Judgements in applying Accounting Policies

The Council has relationships with a number of companies over which it has varying degrees of control or influence. In previous years the Council has prepared Group Accounts to include those companies where the Council has a significant interest. With the introduction of IFRS and updated guidance from CIPFA, the Council has re assessed both the quantitative and qualitative aspects of materiality and consulted and agreed with the Audit Commission that it does not have to prepare these statements. The three former group companies included the Wigan and Leigh Housing Company, Leigh Sports Village Limited and Wigan Metropolitan Development Company Limited. For the reader's benefit we have continued to include details of the relationship with the Council and financial performance of these companies.

The Council also has an interest in the Wigan Leisure and Culture Trust a charitable company that manages leisure facilities on behalf of the Council. It has been determined that the Council does not have control of the Trust and it is not a subsidiary.

All the Council's lease arrangements have been assessed as operational. The Council's Finance Officers have applied and followed the primary indicators within the Code in determining lease classification between an operating lease and a finance lease. The assessment of some of these indicators does require a degree of professional judgment in determining the classification. It should be noted that materiality has also been applied to assess whether the classification would significantly affect the financial statements.

There is a high degree of uncertainty about future levels of funding for the Council and local government as a whole. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be materially impaired as a result of a need to close facilities and reduce levels of service provision.

4. Assumptions made about the future and other major sources of estimation uncertainty

Plant, Property and Equipment

The Council's portfolio of Land and Buildings is revalued as part of a 5 year rolling programme. The value of those assets is based upon calculations and estimation techniques employed by the Council's valuers following the Royal Institute of Chartered Surveyors (RICS) guidance. Changes in asset values are largely influenced by market forces which can be volatile. Therefore it is uncertain that the Council's assets will not see a significant change in value.

Any revaluation of assets either upward or downward would be reflected in the Council's asset base. It is estimated that a 1% change in asset values would result in a change of £4m.

Provisions

The Council has made a provision of £7.8m for the settlement of claims for back pay arising from the Equal Pay initiative, based on the number of claims received and a formulae approach in calculating the settlement amount. It is not certain that these claims will be settled based upon estimated calculations and that all valid claims have yet been received by the Council.

If this value increased or reduced by 10% then £0.780m would be either added or deducted from the provision. Whilst this sum is not material in the context of the overall spend of the Council it is an area of particular risk as any increase will need to be funded in future years.

In addition the Council has also made a provision for the costs of £6m towards the cost of redundancies. A 10% increase would cost a further £0.600m and would require funding from within existing resources.

Pensions

The estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.

The effects on the net pensions liability of changes in assumptions can be measured. For instance, a change in the discount factor of + or – 0.5% would change the liability by £72.8m. A change in excess of earnings of + or – 0.5% would potentially change the total liability by £16.2m. An increase in excess of pensions of 0.5% would change the liability by £56.8m and an increase in longevity of 1 year would result in a £47.7m increase in the total liability. However, the assumptions interact in complex ways and changes to other estimates and actuarial assumptions may produce a different impact upon the total liability.

5. Material items of Income and Expenditure

This note provides details of the material items that have been included in the Comprehensive Income and Expenditure Statement (CIES) but have not been separately shown.

There is a requirement to account for the current service cost of pensions under IAS19. This figure fluctuates each year and can distort the position shown in the CIES. A comparison between 2010/11 and 2009/10 is provided below. There has been a change in the calculation of pension liabilities in 2010/11 and this accounts for the substantial change shown under the Non Distributed cost line.

Extract from the Comprehensive Income and Expenditure Statement Movements in Cost of Pensions

Service	Net Expenditure 2009/10	Net Expenditure 2010/11	Difference
	£'000	£'000	£'000
Central Services to the Public	-230	156	386
Cultural, Environmental, Regulatory and Planning Services	-689	476	1,165
Childrens and Education Services	-7,170	-1,879	5,291
Highways and Transport Services	-225	155	380
Housing Services	0	0	0
Adult Social Care	-1,334	1,012	2,346
Corporate and Democratic Core	-20	29	49
Non Distributed Costs	-1,300	-88,560	-87,260
Net Cost of General Fund Services	**-10,968**	**-88,611**	**-77,643**
Financing and Investment Income and Expenditure	15,085	7,578	7,507

Capital Charges

The Services on the face of the CIES are charged with a number of items relating to the cost of capital in line with the accounting code of practice. These charges include Depreciation, Revaluation and Impairment.

These items are charged through to the CIES and include Depreciation and Impairment. Depreciation has not materially changed between 2009/10 and 2010/11. However, there has been a significant change in the level of revaluation and impairment in two particular areas.

Extract from the Comprehensive Income and Expenditure Statement
Revaluation and Impairment

Service	Net Expenditure 2009/10	Net Expenditure 2010/11	Difference
	£'m	£'m	£'m
Housing Services	-22,772	228,825	251,597
Non Distributed Costs	15,427	6,593	-8,834

The material change in the Housing Services line is due to a drop in the value of Council Dwellings as a result of a change in the valuation calculation introduced by the Government.

Both the Pension Charges and the Capital Charges above do not impact upon the balances of the Council and have no impact upon the Council Tax.

6. Adjustments between Accounting Basis and Funding Basis under regulations

2010/11	Usable Reserves General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments involving the CAA:						
Reversal of items debited/credited to the CI&E:						
Charges for depreciation and impairment of non-current assets	24,046	31,015	0	0	0	-55,061
Revaluation losses on PP&E	20,967	211,828	0	0	0	-232,795
Movements in the market value of Investment Properties	-1,986	-47	0	0	0	2,033
Amortisation of intangible assets	250	74	0	0	0	-324
Capital grants and contributions applied	-12,539	-2,244	0	0	0	14,783
Revenue expenditure funded from capital under statute	16,352	0	0	0	0	-16,352
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&E	224	1,467	0	0	0	-1,691
Insertion of items not debited or credited to the CI&E:						
Statutory provision for the financing of capital investment	-10,361	0	0	0	0	10,361
Capital expenditure charged against the General Fund and HRA balances	-3,077	-2,417	0	0	0	5,494
Adjustments involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the CI&E	-11,247	0	0	0	11,247	0
Application of grants to capital financing transferred to the CAA	0	0	0	0	-15,152	15,152
Adjustments involving the Capital Receipts Reserve:						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CI&E	-356	-2,459	0	2,815	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	-950	0	950
Contribution from the Capital Receipts Reserve towards admin costs of non current asset disposals	0	136	0	-136	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	1,729	0	0	-1,729	0	0
Adjustments involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA	0	0	0	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	-14,047	14,047	0	0	0
Adjustments involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the CI&E are different from finance costs chargeable in the year in accordance with statutory requirements	0	0	-12,916	0	0	12,916
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the CI&E	-55,400	0	0	0	0	55,400
Employer's pensions contributions and direct payments to pensioners payable in the year	-25,634	0	0	0	0	25,634
Adjustments involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the CI&E is different from council tax income calculated for the year in accordance with statutory requirements	-487	0	0	0	0	487
Adjustments involving the Accumulated Absences						

Account:						
Amount by which officer remuneration charged to the CI&E on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	1,804	0	0	0	0	-1,804
Total Adjustments	**-55,715**	**223,306**	**1,131**	**0**	**-3,905**	**-164,817**

2009/10 Comparative Figures	**Usable Reserves**					**Movement in Unusable Reserves £'000**
	General Fund Balance £'000	**Housing Revenue Account £'000**	**Major Repairs Reserve £'000**	**Capital Receipts Reserve £'000**	**Capital Grants Unapplied £'000**	
Adjustments involving the CAA:						
Reversal of items debited/credited to the CI&E:						
Charges for depreciation and impairment of non-current assets	31,468	19,488	0	0	0	-50,956
Revaluation losses on PP&E	22,627	-28,348	0	0	0	5,721
Movements in the market value of Investment Properties	-4,707	0	0	0	0	4,707
Amortisation of intangible assets	287	0	0	0	0	-287
Capital grants and contributions applied	-12,103	-2,791	0	0	0	14,894
Revenue expenditure funded from capital under statute	3,268	0	0	0	0	-3,268
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&E	68,511	934	0	0	0	-69,445
Insertion of items not debited or credited to the CI&E:						
Statutory provision for the financing of capital investment	-10,669	0	0	0	0	10,669
Capital expenditure charged against the General Fund and HRA balances	-494	-4,810	0	0	0	5,304
Adjustments involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the CI&E	-23,909	0	0	0	23,909	0
Application of grants to capital financing transferred to the CAA	0	0	0	0	-17,704	17,704
Adjustments involving the Capital Receipts Reserve:						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CI&E	-573	-1,456	0	2,029	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	-865	0	865
Contribution towards administrative costs	0	117	0	-117	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	1,047	0	0	-1,047	0	0
Adjustments involving the Major Receipts Reserve:						
Reversal of Major Receipts Allowance credited to the HRA	0	-13,847	13,847	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	-13,847	0	0	13,847
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the CI&E	27,700	0	0	0	0	-27,700
Employer's pensions contributions and direct payments to pensioners payable in the year	-23,583	0	0	0	0	23,583
Adjustments involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the CI&E is different from council tax income calculated for the year in accordance with statutory requirements	103	0	0	0	0	-103
Adjustments involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the	-1,026	0	0	0	0	1,026

CI&E on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements						
Total Adjustments	**77,947**	**-30,713**	**0**	**0**	**6,205**	**-53,439**

7. Other Operating Expenditure

31.3.10 £'000		**31.3.11 £'000**
79	Parish Precepts	114
67,535	Gains and Losses on Disposal of Non Current Assets	-988
1,047	Payment to Housing Capital Receipts Pool	1,729
68,661		**855**

8. Financing and Investment Income and Expenditure

31.3.10 £'000		**31.3.11 £'000**
26,790	Interest payable and similar charges	26,826
-5,653	Investment receivable and similar income	-5,031
-3,086	Trading Accounts	456
-4,707	Gains & Losses on the Revaluation of Investment Property	-2,033
15,600	Pension interest cost and expected return on pension assets	7,200
28,944		**27,418**

9. Taxation and Non Specific Grant Income

31.3.10 £'000		**31.3.11 £'000**
-110,809	Council Tax Income	-112,991
-104,834	National Non Domestic Rates	-116,207
-56,273	Other Non Ring Fenced grants	-45,982
-38,803	Capital Grants and Contributions	-9,730
-310,719		**-284,910**

10. Property, Plant and Equipment

These tables contain details of the movements relating to Property, Plant and Equipment.

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles Plant and Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	PP & E Assets Under Construction £'000	Total £'000
Cost or value at 1.4.10	**839,271**	**419,838**	**12,213**	**152,646**	**4,208**	**11,899**	**16,852**	**1,456,927**
Additions	18,610	8,474	1,488	8,212	0	0	2,855	**39,639**
Revaluation increases/decreases to Revaluation Reserve	0	2,359	0	0	29	3,865	622	**6,875**
Revaluation increases/decreases to SDPS	-245,979	-18,113	0	0	-2,124	-1,427	-326	**-267,969**
Derecognition – Disposals	-1,467	0	0	0	0	0	0	**-1,467**
Derecognition – Other	0	-6,032	-80	0	0	-1,230	-11,022	**-18,364**
Reclassified to/from held for sale	0	-3,821	0	0	0	-150	0	**-3,971**
Other Movements	97	-2,945	0	0	236	3,107	-738	**-243**
At 31.3.11	**610,532**	**399,760**	**13,621**	**160,858**	**2,349**	**16,064**	**8,243**	**1,211,427**
Depreciation & Impairment at 1.4.10	**34,469**	**22,013**	**7,759**	**45,222**	**1**	**583**	**10,155**	**120,202**
Depreciation	13,836	6,624	1,468	5,875	0	81	0	**27,884**
Depreciation written out to the Revaluation Reserve	0	-2,938	0	0	0	-126	0	**-3,064**
Depreciation written out to SDPS	-13,847	-1,216	0	0	0	-408	0	**-15,471**
Impairment losses/reversals to Revaluation Reserve	0	830	0	0	0	3	11	**844**
Impairment losses/reversals to SDPS	-3,307	5,490	0	0	0	1,227	856	**4,266**
Derecognition – Disposals	0	0	0	0	0	0	0	**0**
Derecognition - Other	0	-6,031	-80	0	0	-1,230	-11,022	**-18,363**
Eliminated on reclassification to held for sale	0	-13	0	0	0	0	0	**-13**
Other Movements	0	-867	0	0	0	0	0	**-867**
At 31.3.11	**31,151**	**23,892**	**9,147**	**51,097**	**1**	**130**	**0**	**115,418**
Net Book Value at 31.3.11	**579,381**	**375,868**	**4,474**	**109,761**	**2,348**	**15,934**	**8,243**	**1,096,008**
Net Book Value at 31.3.10	**804,802**	**397,825**	**4,454**	**107,424**	**4,207**	**11,316**	**6,697**	**1,336,725**

Capital Commitments

As at 31 March 2011, the Council was contractually committed to the following major items of capital work:

	£'000	Start Date	Projected End Date
Hindley Green J & I – Single Site	4,604	2010	2012
Beech Hill New School	3,547	2009	2012
The Orchards New Build	3,400	2010	2012
Saddle Junction	3,299	2009	2012
Wigan St James – Remodelling Works	2,356	2008	2012
Mesnes Park Restoration Project Phase 1	2,293	2008	2012
Wigan Wallgate Townscape Heritage	2,138	2011	2013
HR Payroll System	1,200	2010	2012
Tyldesley Primary	1,023	2010	2012

Although not yet contractually committed, the following major schemes over £1m are also in the programme for 2011/12 onwards:

	£'000	Start Date	Projected End Date
Learning Alliance	7,054	2010	2013
Ince Schools	4,865	2010	2012
Mesnes Park Restoration Project Phase 2	2,603	2011	2013
Wigan Life Centre Council Contributions	1,421	2011	2012

Property, Plant and Equipment Valuation

The Council's property portfolio, which comprises both freehold and leasehold properties, has been valued on the bases outlined below, which accord with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors. The valuations were undertaken by RICS qualified personnel from the Council's Property Services staff. Not all properties were inspected, as this was neither practicable nor considered by the Valuer to be necessary for the purpose of the valuation. Inspections were carried out between April 2010 and March 2011. The actual date of valuation was 1 April 2010.

The Code requires gains arising from the revaluation of Property, Plant and Equipment to be used initially to reverse previous losses for the asset that have been charged to the Surplus/Deficit on the Provision of Services before crediting the Revaluation Reserve. Revaluation losses and impairments are debited initially to the Revaluation Reserve up to the balance for the asset, and thereafter charged to the Surplus/Deficit on the Provision of Services.

The Council carries out a rolling programme of revaluations that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years, although material changes to asset valuations are recognised as they occur. All valuations were carried out internally in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Vehicles, Plant and Equipment are carried at depreciated historical cost rather than depreciated replacement cost due to the short useful lives and low values of these assets. This is in accordance with paragraph 4.1.2.30 of the Code. Where the fair value – existing use value for a property could not be determined because there was no market value for the asset, the depreciated replacement cost method of valuation was employed. All valuations comply with those definitions settled by the International Valuation Standards Committee.

Property, Plant and Equipment Valuation

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles Plant and Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	PP & E Assets Under Construct'n £'000	TOTAL £'000
Depreciated Historical Cost	0	0	4,473	109,761	2,348	0	8,243	**125,525**
Fair Value – Existing Use Value – Social Housing	579,381	0	0	0	0	0	0	**579,381**
Fair Value – Existing Use Value	0	375,868	0	0	0	15,934	0	**391,802**
Net Book Value at 31.3.11	**579,381**	**375,868**	**4,473**	**109,761**	**2,348**	**15,934**	**8,243**	**1,096,008**

11. Investment Properties

The following items of income and expense have been accounted for in the Comprehensive Income and Expenditure Statement:

31.3.10 £'000		31.3.11 £'000
-1,783	Rental income from Investment Property	-1,852
350	Direct operating expenses arising from Investment Property	357
1,433	**Net gain/(loss)**	**1,495**

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

	2009/10 £'000	2010/11 £'000
Balance at start of the year	**35,096**	**34,228**
Additions:		
Purchases	182	0
Construction		
Subsequent expenditure	26	15
Disposals	-127	-55
Net gains/losses from fair value adjustments	4,707	2,033
Transfers:		
to/from Inventories	0	0
to/from Property, Plant and Equipment	-5,652	-623
Other changes	-4	0
Balance at end of the year	**34,228**	**35,598**

12. Intangible Assets

The Council accounts for major items of software as intangible assets, to the extent that the software is not an integral part of a particular IT system. The intangible assets are purchased licences.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Council is 7 to 10 years:

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £0.324m charged to revenue in 2010/11 was charged to the Appropriate Service Revenue Account.

The movement on Intangible Asset balances during the year is as follows:

	2009/10 Other Assets £'000	2010/11 Other Assets £'000
Balance at start of year:		
Gross carrying amounts	2,869	3,233
Accumulated amortisation	-1,221	-1,508
Net carrying amount at start of year	1,648	1,725
Additions:		
Purchases	364	598
Amortisation for the period	-287	-324
Net carrying amount at end of year	1,725	1,999
Comprising:		
Gross carrying amounts	3,233	3,831
Accumulated amortisation	-1,508	-1,832
	1,725	**1,999**

There are several items of capitalised software that are individually material to the financial statements:

	Carrying Amount		Remaining Amortisation Period
	31 March 2010 £'000	31 March 2011 £'000	
Agresso System –Trading	726	569	2 - 10 Years
Housing SX3 – Housing Services	378	304	3 Years
Social Services ANITE – Adult Services	320	261	2 - 9 Years
Customer Relationship Management System – Trading	281	342	7 - 10 Years
HR & Payroll – Trading	20	523	6 Years

13. Financial Instruments

Categories of Financial Instruments

The following categories of financial instruments are carried on the Balance Sheet:

	Long-term		Current	
	31 March 2010 £'000	31 March 2011 £'000	31 March 2010 £'000	31 March 2011 £'000
Investments				
Loans and receivables*	0	0	36,447	31,993
Unquoted equity investment at cost	10,766	10,765	0	0
Total Investments	**10,766**	**10,765**	**36,447**	**31,993**
Debtors				
Loans and receivables	11,480	13,383	0	0
Financial assets carried at contract amounts	0	0	51,319	49,737
Total Debtors	**11,480**	**13,383**	**51,319**	**49,737**
Borrowings				
Financial liabilities at amortised cost	345,100	319,192	10,359	25,905
Total Borrowings	**345,100**	**319,192**	**10,359**	**25,905**
Creditors				
Financial liabilities at amortised cost	17,333	16,393	0	0
Financial liabilities carried at contract amount	0	0	67,125	68,514
Total Creditors	**17,333**	**16,393**	**67,125**	**68,514**

* These are shown as cash and cash equivalents on the Balance Sheet

Fair Value of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- estimated ranges of interest rates at 31 March 2011 for loans from the PWLB and for short term investments based on new lending rates for equivalent loans at that date
- no early repayment or impairment is recognised
- where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

Financial Liabilities	31 March 2010		31 March 2011	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
PWLB borrowing	355,437	419,352	345,097	420,655
Long - term creditors	17,333	17,333	16,393	16,393

The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans include a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the balance sheet date. The commitment to pay interest at above the current market rates increases the amount that the Council would have to pay if the lender agreed to the early repayment of the loans.

Financial Assets	31 March 2010		31 March 2011	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Loans and Receivables	35,300	35,316	31,360	31,397
Long-term debtors	11,480	11,480	13,383	13,383

The fair value of the assets is greater than the carrying amount because the Council's portfolio of loans include a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the balance sheet date. The guarantee to receive interest above the current market rates increases the amount that the Council would receive if it agreed to early repayment of the loans.

Short term debtors and creditors are carried at cost as this is a fair approximation of the value.

Long Term Investments

The value of investments held at 31 March 2011 is analysed below:

31.3.10 £'000			31.3.11 £'000
10,214	Shareholdings in :	Manchester Airport Plc	10,214
538		Wigan Football Company Ltd	538
14		Other Investments	13
10,766			**10,765**

The Council holds 10,214,000 fully paid £1 ordinary shares in Manchester Airport plc, 5% of the issued shares.

The value of the investment in Manchester Airport is held at historic cost as it has not been possible to establish a reasonable fair value due to the shares not being traded.

Wigan Football Company operates the DW Stadium at Robin Park, Wigan. The Council holds 4,499,492 ordinary £1 shares in the Wigan Football Company which are 15% of the total issued.

These are unquoted equity investments for which a reliable fair value cannot be established. There are no market transactions that could be used to value these shares and the Council has no plans to sell the shares. They are valued at cost less impairment which follows the Code guidance as recommended by CIPFA.

Long Term Debtors

These are debtors which are not immediately due and payable, but are repayable over a period of time.

They are analysed below:

31.3.10 £'000		31.3.11 £'000
9,267	Manchester Airport transferred debt	9,267
1,273	Renovation Loans	1,825
0	WALH Loan	1,215
574	Car Loans to Staff	581
200	Leigh Sports Village Company Ltd	200
0	Access to Finance Loans	137
85	Transferred Debt re Pre-1974 functions	78
48	Salford & Wigan Local Education Partnership	52
33	Loans for House Purchases	28
11,480		**13,383**

Short Term Investments

During the year the Council invested its revenue balances, reserves and capital receipts externally in short term deposits. At 31 March 2011 an amount of £31.993m was invested in this way (£36.431m at 31 March 2010).

31.3.10 £'000		31.3.11 £'000
25,300	Royal Bank of Scotland	14,010
11,131	Lloyds TSB Bank	5,633
0	Barclays Bank	5,000
0	Birmingham City Council	5,000
0	Nationwide	2,000
0	Co-operative Bank Plc	350
36,431		**31,993**

During the year the Council reduced its Counter Party list of financial institutions its Treasury Management Policy allowed it to place funds with. This was as a result of the falling credit ratings of the banks and building societies concerned. Please note that short term investments are now held on the balance sheet under cash and cash equivalents.

Long Term Borrowing

The tables below show the source of loans outstanding, the movements during the year and an analysis of current borrowings by maturity date.

31.3.10 £'000	Source of Loan Outstanding	Increases in year £'000	Decreases in year £'000	31.3.11 £'000
345,077	Public Works Loans Board	0	25,905	319,172
23	Individuals	0	3	20
345,100		**0**	**25,908**	**319,192**

31.3.10 £'000	An Analysis by maturity is:	31.3.11 £'000
25,905	Maturing within 1-2 years	782
31,838	Maturing within 2-5 years	57,032
68,133	Maturing within 5-10 years	42,336
219,224	Maturing within more than 10 years	219,042
345,100		**319,192**

The accrued interest associated with the PWLB loans is £4.843m. This is included under current liabilities and will be paid in 2011/12.

Short Term Borrowing

At 31 March 2011 the figure for Short Term Borrowing outstanding was £25.905m, (£9.644m in 2009/10). This represents the amount of PWLB Loans repayable within 12 months of the Balance Sheet date.

14. Deferred (Long Term) Liabilities

Deferred liabilities are liabilities which are payable beyond the next year. At 31 March 2011, these totalled £16.392m.

31.3.10 £'000		31.3.11 £'000
17,041	Former G.M.C. debt	16,050
259	Former L.C.C. debt	0
0	Home Computer Initiative	314
33	Loan repayments mortgaged Properties	28
17,333	**Balance as at 31st March**	**16,392**

The debt outstanding on the assets transferred from the Greater Manchester Council (GMC) following the 1986 reorganisation is administered by Tameside MBC on behalf of all successor Authorities. The assets are included in the relevant class of fixed assets.

15. Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks:

- credit risk – the possibility that other parties might fail to pay amounts due to the Council.
- liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

The Council has adopted CIPFA's Treasury Management in the Public Services "Code of Practice". In accordance with the Code the Council sets an annual Treasury Management Policy containing a number of measures to control financial instrument risks including;

- Approved methods of raising finance
- Limits on external borrowing
- Policy on sources and types of borrowing
- Investment Policy including approved counterparties for lending purposes

Borrowing

The maturity structure of borrowing

The Council is required to set for the forthcoming year only both upper and lower limits with respect to the maturity structure of its projected fixed rate borrowing. The limits are to be expressed as percentages of total projected borrowing. The recommended limits are shown in the table below.

Maturity structure of projected borrowing

	Lower limit %	**Upper limit %**
10 years and above	50	100
5 years and within 10 years	0	50
24 months and within 5 years	0	50
12 months and within 24 months	0	0
Under 12 months	0	0

The Treasury Management Policy seeks to limit maturing loans to no more than 10% in any year. To assist in this objective there must be flexibility over the repayment periods selected for new borrowing. The maturity profile that is actually chosen for new borrowing would depend on prevailing market conditions. The acceptance of the above limits will give reasonable flexibility in that it would allow:

- At least 50% of all new borrowing to be taken out for 10 years or more
- Up to 50% of new borrowing to be taken out for periods of 2 to 10 years
- No borrowing for less than 2 years

The total principal sums invested for periods longer than 364 days

The Council is required to set a prudential limit on sums invested for periods longer than 364 days. It is not envisaged that there would be any investments held for more than 364 days.

The Council also produces an annual report measuring the performance of the treasury management function.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. This risk is minimised through the Treasury Policy Statement, which requires that deposits are not made with financial institutions unless they meet identified

minimum credit criteria. The Statement also imposes a maximum sum to be invested with different financial institutions.

The credit criteria in respect of financial assets held by the Council are detailed below:

Financial Asset	Criteria	Maximum Investment £'000
Deposits with Banks	Short Term: F1+ Long Term: AA – Support: 1	20,000
Deposits with Building Societies	Short Term: F1/F1	2,000

The following analysis summarises the Council's potential maximum exposure to credit risk based on the experience of the default and uncollectability over the last five years.

	31/03/11 £'000	Historical experience of default %	Historical experience adjusted for market conditions %	Estimated maximum exposure to default and uncollectability £'000
Deposits with Banks	31,360	0	0	0

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Council does not generally allow credit for customers but some of the current balance is past its due date for payment. The past due amount can be analysed by age as follows:

	2010/11 £'000
Less than three months	13,385
Three to six months	673
Six months to one year	990
More than one year	2,199

Liquidity risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The maturity risk of financial liabilities is shown below:

	2010/11 £'000
Less than 1 year	25,905
1 – 2 years	782
2 – 5 years	57,032
More than 5 years	261,378

Market risk

Interest rate risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- borrowings at fixed rates – the fair value of the liabilities borrowings will fall.

- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise.

- investments at fixed rates – the fair value of the assets will fall.

The Council specifically has a policy on interest rate exposures which states:

- the Council is required to set upper limits to its exposures to the effects of changes in interest rates for both fixed interest rate and variable rate loans

- it has been Council policy to borrow at fixed rates of interest and it is recommended that this will continue. However, for the purposes of these calculations, loans and investments of less than 365 days are classed as variable rate. These transactions are used to assist the Council's day to day cash flows and a prudent level of exposure has been set at a net figure of £10m in each of the 3 years.

The table below shows the impact on existing investments had interest rates been 1% higher with all other variables being held constant.

	2010/11 £'000
Daily average investment balance (average rate of interest 0.95%)	52,006
Assuming interest rates 1% higher additional interest received	520

Price risk

The Council does not generally invest in equity shares but does have shareholdings in Manchester Airport and Wigan Football Company Ltd. However these are not classed as available for sale assets.

Foreign exchange risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

16. Inventories

Inventories are defined by the Code as assets and are required to be measured at the lower of cost and net realisable value. The method of valuation for inventories is first in first out (FIFO) or a weighted average costing formula.

	Consumable Stores		Maintenance Materials		Property Acquired or Constructed for Sale		Total	
	2009/10 £'000	2010/11 £'000	2009/10 £'000	2010/11 £'000	2009/10 £'000	2010/11 £'000	2009/10 £'000	2010/11 £'000
Balance outstanding at start of year	**564**	**501**	**629**	**608**	**5**	**3**	**1,198**	**1,112**
Purchases	1,679	2,846	1,663	1,198	0	0	3,342	4,044
Recognised as an expense in the year	-1,712	-2,900	-1,659	-1,400	-2	-1	-3,373	-4,301
Written off balances	-30	0	-25	0	0	-1	-55	-1
Reversals or write-offs in previous years	0	0	0	0	0	0	0	0
Balance outstanding at year-end	**501**	**447**	**608**	**406**	**3**	**1**	**1,112**	**854**

Consumable Stores
This is the stock relating to the Transport DSO, Metrolite Industries, Metrofresh Catering, the Mayor's bar and the Print Unit.

Maintenance Materials
These are stock items relating to Leigh Building Services and the Highways DLO.

Property Acquired
These small items of stock relate to the Mayoral pendants and the Public Relations/Media Section reception gifts.

17. Debtors

An analysis of debtors which fall due within one year is shown below:

31.3.09 £'000	31.3.10 £'000		31.3.11 £'000
		Central Government Bodies	
1,721	6,718	NNDR – Central Government	6,953
3,979	3,955	Her Majesty's Revenue & Customs VAT	3,867
3,230	2,749	Capital Grants & Contributions	1,843
1,367	2,523	Standards Fund & Other Education Grants	1,365
202	143	North West Development Agency	305
1,247	3,824	Benefits Subsidy Grant	24
2,075	183	ERDF Grants	0
706	0	Pump Priming Grant	0
175	0	Learning Skills Council	0
82	0	North West Coalfield Communities	0
14,784	**20,095**		**14,357**
		Other Local Authorities	
0	0	Projects	2,195
444	318	Wigan Schools	365
250	219	Police Authority – Share of Council Tax	149
96	79	GMFRA – Share of Council Tax	53
790	**616**		**2,762**
		NHS Bodies	
738	671	Ashton, Leigh & Wigan PCT	2,490
738	**671**		**2,490**
		Public Corporations and Trading Funds	
1,166	1,561	GMITA Contribution to Transport Infrastructure Fund	677
1,166	**1,561**		**677**
		Bodies External to General Government	
2,140	1,350	Wigan & Leigh Housing Company Ltd	7,966
2,809	5,065	Care in the Community	4,696
3,049	2,751	Council Tax	2,671
4,054	5,333	Housing Benefits – Rent Allowances	1,909
1,153	1,244	Deferred Subsidy Payment Scheme	1,387
1,359	2,267	Wigan Leisure and Culture Trust	1,359
1,285	1,348	Housing Rent Arrears	1,346
338	2,238	Non LMS Community Education Salaries	998
473	425	Whelco Holdings Ltd	473
0	440	YPO Dividend	377
589	576	Operating Leases	365
348	331	Supporting People	363
194	101	Salaries & Wages	152
156	151	Tameside Pension Increase	150
534	0	Halton Housing Trust	109
0	0	Interest and Debt Management	36
0	0	Surestart	18
776	0	Nuttals	0
201	0	Extended Community & School Activities Payroll Recharge	0
190	0	Mears Building Services Ltd	0
174	0	Manchester Airport PWLB Interest	0
121	0	Manchester Enterprises Ltd	0
			24,375
4,328	2,731	Sundry Debtors	3,130
3,121	2,025	Others	1,946
27,392	**28,376**		**5,076**
44,870	**51,319**	**Net Total**	**49,737**

18. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2010 £'000		31 March 2011 £'000
104	Cash held by the Council (Petty Cash)	102
11,258	Bank current accounts	9,246
36,431	Short-term deposits with building societies	32,029
47,793	**Total Cash and Cash Equivalents**	**41,377**

The Cash Overdrawn element is included within Bank Current Accounts as it is deemed to be integral to the Council's cash management.

19. Assets Held for Sale

These are assets that are being actively marketed for sale at a price that is reasonable to the current value. The sale is highly probable and likely to occur within 12 months.

	Current 2009/10 £'000	Current 2010/11 £'000	Non Current 2009/10 £'000	Non Current 2010/11 £'000
Balance outstanding at start of the year	**1,220**	**1,146**	**0**	**0**
Assets newly classified as held for sale: Property, Plant and Equipment	754	3,958	0	0
Revaluation loss	-96	-3,369	0	0
Revaluation gains	68	158	0	0
Assets declassified as held for sale: Plant, Property and Equipment	-800	0	0	0
Assets sold	0	-170	0	0
Balance outstanding at year-end	**1,146**	**1,723**	**0**	**0**

20. Creditors

An analysis of creditors which are due and payable within one year is shown below:

31.3.09 £'000	31.3.10 £'000		31.3.11 £'000
		Central Government Bodies	
6,163	6,593	Her Majesty's Revenue & Customs	6,157
-	4,862	PWLB	4,844
2,141	2,955	Children & Young Peoples Services	2,397
-	851	Landfill Allowances (DEFRA)	850
-	-	Working Neighbourhood Fund	591
25	423	Housing Right to Buy - Government Pooling of Capital Receipts	265
48	2,331	Adults Services Grants & Fees	241
50	50	Drug and Alcohol Funding	-
577	-	Wigan for Work Projects	-
945	-	Wigan for Work Grants	-
258	33	Surestart Invoices	-
10,207	**18,098**		**15,345**
		Other Local Authorities	
907	6,916	External School Creditors	6,405
2,556	1,663	Various Local Authorities (NWIEP)	2,268
512	424	Other Local Education Authorities	255
3,975	**9,003**		**8,928**
		NHS Bodies	
335	251	Ashton, Leigh & Wigan PCT	3,174
969	234	Drug and Alcohol Funding	486
1,304	**485**		**3,660**
		Other Entities and Individuals	
6,019	4,993	Employee Benefits	6,796
9,164	8,307	Construction Industry Trade Creditors	6,106
9,768	5,315	Sundry Creditors – Capital and Revenue	5,598
2,343	2,603	Other Employees Superannuation	2,359
1,685	1,729	Teachers Superannuation	1,744
782	1,454	Contractors Retentions	1,709
1,412	574	WRG Ltd	1,503
-	-	GMPF	1,476
1,574	1,372	Wigan & Leigh Housing Company Ltd Management Fee	1,358
1,504	1,227	Rent Allowances	1,239
843	1,045	Council Tax Prepayments	1,048
338	2,238	Non LMS Community Education Salaries	998
572	573	Housing Rents Paid in Advance	641
688	1,827	Wigan Leisure and Culture Trust	463
893	587	Wages & Salaries	355
-	-	AGMA	255
-	-	Home Computers Initiative	220
809	-	NPS North West Ltd & NPS Property Works	133
3,097	1,037	Greenbank Partnerships Ltd	-
732	125	Capital Creditors	-
570	-	Wigan for Work Projects	
654	-	Highways Retentions	
456	-	Housing Benefits Payments	
349	-	Adults Day & Domiciliary Care	
313	-	External Homecare Contract	
278	-	Adults Residential Care	
6,724	4,533	Others	6,580
51,567	**39,539**		**40,581**
67,053	**67,125**	**Net Total**	**68,514**

21. Provisions

Current Liability

	Insurance Fund £'000	Redundancy £'000	Equal Pay £'000	Schools Support £'000	Other Provisions £'000	Total £'000
Balance at 1 April 2010	**2,230**	**0**	**359**	**0**	**82**	**2,671**
Additional provisions made in 2010/11	2,151	6,065	7,865	651	0	16,732
Amounts used in 2010/11	2,246	0	256	0	7	2,509
Unused amounts reversed in 2010/11	0	0	0	0	43	43
Unwinding of discounting in 2010/11	0	0	0	0	0	0
Balance at 31 March 2011	**2,135**	**6,065**	**7,968**	**651**	**32**	**16,851**

Long Term Liability

	Insurance Fund £'000	Section 117 Refunds £'000	Other Provisions £'000	Total £'000
Balance at 1 April 2010	**2,670**	**46**	**90**	**2,806**
Additional provisions made in 2010/11	280	85	2	367
Amounts used in 2010/11	0	2	0	2
Unused amounts reversed in 2010/11	0	0	0	0
Unwinding of discounting in 2010/11	0	0	0	0
Balance at 31 March 2011	**2,950**	**129**	**92**	**3,171**

These amounts have been set aside to cover the following potential liabilities:

Insurance

At 31st March 2011 the Council held an Insurance provision of £5.086m. This is for future payments of claims made or yet to be made for incidents which occurred before 31st March 2011. These include incidents where a legal liability arises and incidents of damage to Council property. The increase reflects contributions from services. The decrease is mainly attributable to the payment of premiums, the settlement of claims and risk management. The insurance provision is reviewed annually.

Redundancy

In response to the reduced level of funding for Local Government the Council has approved a number of financial and staffing controls to service budgets across the council. This provision represents the cost of early and voluntary redundancies to meet future potential costs.

Equal Pay

This provision represents the potential cost of settling Equal Pay claims still outstanding as at 31 March 2011.

Schools Support

These are centrally held school support provisions to pay for extra costs associated with uninsured sickness, workforce supply and health education.

Section 117
The Council has retained a provision of £0.129m for potential claims under Section 117 of the Mental Health Act 1983. The provision was created in the light of an Ombudsman ruling that clients discharged from detention under Section 117 should not be charged for their aftercare. The provision is to pay for any refunds of clients wrongly charged by the Council, or those who may have arranged and paid for their own care. One refund was made during 2010/11.

Other Provisions
These contain amounts for various claims for compensation and potential liabilities.

Bad Debt
In addition to the amounts shown above, the Council holds bad debts provisions totalling £9.373m (£9.378m at 31.3.10). These provisions have been off set against debtors on the Balance Sheet and include £5.536m relating to NNDR, Community Charge and Council Tax (£5.056m at 31.3.10).

22. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans. It also shows the amounts used in year to meet General Fund expenditure in 2010/11.

	Balance at 1.4.09 £'000	Transfers Out £'000	Transfers in £'000	Balance at 31.3.10 £'000	Transfers Out £'000	Transfers in £'000	Balance at 31.3.11 £'000
General Fund							
Grants Reserve	16,349	16,349	17,165	17,165	17,165	20,833	20,833
School Balances – Delegated Fund	10,543	1,741	55	8,857	563	316	8,610
Insurance Reserve	7,273	0	0	7,273	1,750	540	6,063
Manchester Airport	5,702	0	0	5,702	0	0	5,702
Organisational Transition	0	0	2,026	2,026	1,475	6,651	7,202
DSG Contingency	0	0	1,245	1,245	0	715	1,961
Schools Balances - Direct Funding	1,418	36	23	1,405	193	127	1,339
Wigan Life Centre	0	0	395	395	0	702	1,097
DSG Centrally Held	411	822	565	154	154	1,044	1,044
Leigh Sports Village	200	0	0	200	0	400	600
Wigan Football Company Shares	538	0	0	538	0	0	538
VAT Reserve	100	244	191	47	0	456	503
Wigan Pier & Robin Park Investment Funds	398	0	79	477	90	79	466
Waste Disposal After Care	527	70	0	457	43	0	414
Other Reserves	79	54	0	25	13	0	11
Total Reserves	**43,538**	**19,316**	**21,744**	**45,966**	**21,446**	**31,863**	**56,383**

Grants Reserve
This reserve represents grant funding unspent in the year to be used in the future costs of various projects.

School Balances – Delegated Fund
In accordance with the Education Reform Act 1988 individual surpluses/deficits may be carried forward. These balances are committed to be spent on education and are not available to the Council for general use. A distinction has been made between balances accumulated prior to the general introduction of the Dedicated Schools Grant (DSG) and those generated by underspends since.

Insurance
This reserve provides a contingency against unforeseen future claims. The reserve also provides a prudent hedge against changes in the insurance market which may require premium increases. The decrease is a contribution to general fund balances to support the Medium Term Financial Strategy.

Manchester Airport
This reserve represents the Council's share in the net assets of Manchester Airport PLC and matches the transfer of 5,701,500 £1 shares to the Council in 1986 when the Greater Manchester Council was abolished.

Organisational Transition
This reserve has been created to provide longer term funding towards the potential future costs of the significant changes the Council will go through in the next few years.

DSG Contingency
This relates to unspent contingency held centrally within the Individual Schools Budget (ISB) to cover unexpected items, ie data changes.

Schools Balances - Direct Funding
This reserve relates to non-delegated funds which schools have received directly for special investment in technology, equipment and books.

Wigan Life Centre
In preparation for the opening of the Wigan Life Centre in 2011, the Council has set aside savings on buildings which are being replaced by the new building to assist in the affordability of transition.

DSG Centrally Held
This is the DSG unspent in year in respect of schools budget controlled centrally and not delegated to schools.

Leigh Sports Village
This reserve is to provide funding for maintenance and upgrades of the facility.

Wigan Football Company Shares
This reserve represents the Council's 15% shareholding in Wigan Football Company Ltd.

VAT Reserve - This represents previously overpaid output tax reimbursed by HM Customs. The increase in the year represents the repayment of VAT.

Wigan Pier and Robin Park Investment Funds
These reserves are maintained to provide longer term funding for planned significant upgrades at these two locations.

Waste Disposal After Care
This reserve was created following the Council's sale of Landfill Management Ltd (LML) in 2000. It represents LML's former liability, subsequently transferred to the Council along with the associated funds, for providing after care services on the former landfill sites at Ince Moss and Amberswood.

Other Reserves - These various minor reserves were set aside from surpluses arising during the year.

23. Usable Reserves

Movements in the Usable Capital Receipts Reserve

31.3.10 £'000		31.3.11 £'000
0	**Opening Balance Brought Forward at 1 April**	**0**
5,134	Amounts receivable in year	-2,679
3,638	Reduction in Amounts set aside - Amounts set aside	0
-6,704	Amount applied to finance new capital investment & repay debt	950
-2,068	Amount paid in respect of Pooled Housing Capital Receipts	1,729
0	**Closing Balance 31 March**	**0**

Movements in the Capital Grants Reserve

31.3.10 £'000		31.3.11 £'000
19,013	**Opening Balance Brought Forward at 1 April**	**25,219**
21,567	Grants and Contributions unapplied credited to CIES	11,247
-15,361	Application of grants to capital financing transferred to the Capital Adjustment Account	-15,152
25,219	**Closing Balance 31 March**	**21,314**

Balances

	Balance at 31.3.10 £'000	Increase in year £'000	Decrease in year £'000	Balance at 31.3.11 £'000
General Fund	44,316	0	23,725	20,591
Housing Revenue Account	9,618	3,022	0	12,640
Total Balances	**53,934**	**3,022**	**23,725**	**33,231**

Major Repairs Reserve

This is a statutory reserve maintained to show how the HRA Major Repairs Allowance funding has been used. The reserve commenced the financial year with a zero balance. During the year funding of £13.8m was received from Central Government, most of which was used during the financial year to pay for major refurbishment works to council dwellings. The reserve has a £0.921m balance to carry forward to 2011/12. A statement of the movements on the Major Repairs Reserve can be found in note 15 on the Housing Revenue Account.

24. Unusable Reserves

31 March 2010 £'000		31 March 2011 £'000
83,792	Revaluation Reserve	91,542
847,934	Capital Adjustment Account	604,743
-433,213	Pensions Reserve	-195,480
-79	Collection Fund Adjustment Account	408
-4,992	Accumulated Absences Account	-6,796
493,442	**Total Unusable Reserves**	**494,417**

Revaluation Reserve

The Revaluation reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment (and Intangible Assets). The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

31.3.10 £'000		31.3.11 £'000	
91,873	**Balance at 1 April**		**83,793**
47,820	Upward revaluation of assets	26,851	
-38,929	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-17,759	
8,891	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services		**9,092**
-2,729	Difference between fair value depreciation and historical cost depreciation	-1,343	
-14,242	Accumulated gains on assets sold or scrapped	0	
-16,971	Amount written off to the Capital Adjustment Account		**-1,343**
83,793	**Balance at 31 March**		**91,542**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is charged with the cost of acquisition, construction or enhancement, as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council. The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

31.3.10 £'000		31.3.11 £'000	
734,741	**Balance at 1 April 2009 (SORP)**		
147,921	IFRS adjustments - Write out of Government Grants Deferred		
-1,609	IFRS adjustments - Asset Accounting Adjustments		
881,053	**Balance at 1 April 2010**		**847,933**
	Reversal of items relating to capital expenditure debited or credited to the CI&E:		
-50,956	Charges for depreciation and impairment of non-current assets	-55,385	
5,721	Revaluation losses on Property, Plant and Equipment	-232,795	
-287	Amortisation of Intangible Assets	0	
4,707	Movement in Market Value of Investment Property	2,033	
-3,268	Revenue expenditure funded from capital under statute	-16,352	
-69,445	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&E	-1,692	
-113,528			**-304,190**
	Adjusting amounts written out of the Revaluation Reserve		1,343
-113,528	Net written out amount of the cost of non-current assets consumed in the year		**-302,847**
	Capital financing applied in the year:		
865	Use of the Capital Receipts Reserve to finance new capital expenditure	951	
13,847	Use of the Major Repairs Reserve to finance new capital expenditure	12,915	
14,894	Capital grants and contributions credited to the CI&E that have been applied to capital financing	14,783	
17,704	Application of grants to capital financing from the Capital Grants Unapplied Account	15,152	
10,669	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	10,361	
5,304	Capital expenditure charged against the General Fund and HRA balances	5,493	
63,283			**59,657**
17,125	Depreciation of non-current asset revaluation gains		0
847,933	**Balance at 31 March**		**604,743**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pensions funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2009/10 £'000		2010/11 £'000
-190,396	**Balance at 1 April**	**-433,213**
-238,700	Actuarial gains or losses on pensions assets and liabilities	156,700
-27,700	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CI&E	55,400
23,583	Employer's pensions contributions and direct payments to pensioners payable in the year	25,633
-433,213	**Balance at 31 March**	**-195,480**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2009/10 £'000		2010/11 £'000
24	**Balance at 1 April**	**-79**
-103	Amount by which council tax income credited to the CI&E is different from council tax income calculated for the year in accordance with statutory requirements	487
-79	**Balance at 31 March**	**408**

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2009/10		2010/11	
£'000		£'000	£'000
-6,019	**Balance at 1 April**		**-4,993**
6,019	Settlement or cancellation of accrual made at the end of the preceding year	4,993	
-4,993	Amounts accrued at the end of the current year	-6,796	
1,026	Amount by which officer remuneration charged to the CI&E on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		-1,803
-4,993	**Balance at 31 March**		**-6,796**

25. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Best Value Accounting Code of Practice. However, decisions about resource allocation are taken by the Council's Cabinet on the basis of budget reports analysed across panels. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

a. no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
b. the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year
c. expenditure on some support services is budgeted for centrally and not charged to panels.

The income and expenditure of the Council's principal panels recorded in the budget reports for the year is as follows:

Service Information for the year ended 31 March 2011	Audit, Governance & Improvement £'000	Economy, Environment, Culture & Housing £'000	Building Stronger Communities £'000	Children & Young Peoples Services £'000	Adult Services £'000	DSOs £'000	Total £'000
Fees, charges & other service income	50,539	23,407	592	23,958	37,095	34,021	**169,612**
Government grants	54,785	96,823	6,036	277,116	18,158	457	**453,375**
Total Income	**105,324**	**120,230**	**6,628**	**301,074**	**55,253**	**34,478**	**622,987**
Employee expenses	31,323	21,326	2,322	221,592	38,109	13,654	**328,326**
Other operating expenses	75,976	169,850	6,849	119,376	81,860	19,017	**472,928**
Support service recharges	14,393	16,181	848	14,573	19,811	959	**66,765**
Capital	6,188	23,661	57	31,848	1,543	915	**64,212**
Total operating expenses	**127,880**	**231,018**	**10,076**	**387,389**	**141,323**	**34,545**	**932,231**
Surplus/Deficit on provision of service	**22,556**	**110,788**	**3,448**	**86,315**	**86,070**	**67**	**309,244**

Service Information for the year ended 31 March 2010	Audit, Governance & Improvement £'000	Economy, Environment, Culture & Housing £'000	Building Stronger Communities £'000	Children & Young Peoples Services £'000	Adult Services £'000	DSOs £'000	Total £'000
Fees, charges & other service income	54,305	23,082	780	25,379	37,620	34,046	**175,212**
Government grants	45,089	91,763	6,006	246,921	22,251	432	**412,462**
Total Income	**99,394**	**114,845**	**6,786**	**272,300**	**59,871**	**34,478**	**587,674**
Employee expenses	29,567	20,424	2,304	213,722	33,892	13,134	**313,043**
Other operating expenses	68,336	156,304	7,168	105,499	85,726	19,600	**442,633**
Support service recharges	13,398	16,194	733	13,575	21,135	872	**65,907**
Capital	14,767	24,774	-163	23,826	3,689	768	**67,661**
Total operating expenses	**126,068**	**217,696**	**10,042**	**356,622**	**144,442**	**34,374**	**889,244**
Surplus/Deficit on provision of service	**26,674**	**102,851**	**3,256**	**84,322**	**84,571**	**-104**	**301,570**

Reconciliation to Net Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of panel income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2009/10 £'000	2010/11 £'000
Cost of Services in Services Analysis	**301,570**	**309,244**
Services not included in main analysis*	2,261	210,234
Amounts not reported to management**	-49,808	-69,060
Amounts reported to management not included in the CI&E	-556	-15,363
Allocation of Recharges	0	0
Trading Account	3,086	-331
Net cost of services	**256,553**	**434,724**

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of panel income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Service included in the Comprehensive Income and Expenditure Statement.

2010/11	Service Analysis £'000	Service not in Analysis £'000	Amounts not reported to management £'000	Amounts not included in CI&E £'000	Allocation of Recharges £'000	Net Cost of Services £'000	Corporate Amounts £'000	Total £'000
Fees, charges & other service income	169,613	72,438	0	-17,978	-42,381	**181,692**	0	181,692
Interest & Investment Income	0	0	0	0	0	**0**	4,906	4,906
Income from Council Tax	0	0	0	0	0	**0**	112,991	112,991
Non Domestic rates	0	0	0	0	0	**0**	116,206	116,206
Government grants & contributions	453,375	0	0	0	0	**453,375**	45,982	499,357
Capital Grant	0	0	0	0	0	**0**	9,730	9,730
Total Income	**622,988**	**72,438**	**0**	**-17,978**	**-42,381**	**635,067**	**289,815**	**924,882**
Employee expenses	328,327	20	-70,595	0	0	**257,752**	0	257,752
Other operating expenses	472,928	38,354	1,535	-28,145	-10,003	**474,669**	0	474,669
Support Service recharges	66,764	1,359	0	0	-32,378	**35,745**	0	35,745
Capital charges	64,212	242,939	0	-5,196	0	**301,955**	0	301,955
Interest payable	0	0	0	0	0	**0**	26,826	26,826
Precepts & Levies	0	0	0	0	0	**0**	114	114
Payments to Housing capital Receipts Pool	0	0	0	0	0	**0**	1,729	1,729
Gain/loss on disposal of non-current assets	0	0	0	0	0	**0**	-988	-988
Gain/loss on investment of revaluation properties	0	0	0	0	0	**0**	-2,033	-2,033
Pension Interest Costs	0	0	0	0	0	**0**	7,200	7,200
Total expenditure	**932,231**	**282,672**	**-69,060**	**-33,341**	**-42,381**	**1,070,121**	**32,848**	**1,102,969**
Surplus/deficit on the provision of services	**309,243**	**210,234**	**-69,060**	**-15,363**	**0**	**435,054**	**-256,967**	**178,087**

2009/10 Comparative Figures	Service Analysis £'000	Service not in Analysis £'000	Amounts not reported to management £'000	Amounts not included in CI&E £'000	Allocation of Recharges £'000	Net Cost of Services £'000	Corporate Amounts £'000	Total £'000
Fees, charges & other service income	175,077	70,077	-2,237	-2,502	-44,002	**196,413**	0	196,413
Interest & Investment Income	0	0	0	0	0	**0**	5,653	5,653
Income from Council Tax	0	0	0	0	0	**0**	110,808	110,808
Non Domestic rates	0	0	0	0	0	**0**	104,834	104,834
Government grants & contributions	411,565	1,841	630	0	0	**414,036**	56,273	470,309
Capital Grant	0	0	0	0	0	**0**	38,803	38,803
Total Income	**586,642**	**71,918**	**-1,607**	**-2,502**	**-44,002**	**610,449**	**316,371**	**926,820**
Employee expenses	313,043	23	-12,509	0	-3,275	**297,282**	0	297,282
Other operating expenses	441,601	38,308	-982	-3,058	-10,550	**465,319**	0	465,319
Support Service recharges	65,907	1,175	0	0	-30,177	**36,905**	0	36,905
Capital charges	67,661	34,673	-37,924	0	0	**64,410**	0	64,410
Interest payable	0	0	0	0	0	**0**	26,790	26,790
Precepts & Levies	0	0	0	0	0	**0**	79	80
Payments to Housing capital Receipts Pool	0	0	0	0	0	**0**	1,047	1,047
Gain/loss on disposal of non-current assets	0	0	0	0	0	**0**	67,535	67,535
Gain/loss on investment of revaluation properties	0	0	0	0	0	**0**	0	0
Pension Interest Costs	0	0	0	0	0	**0**	10,893	10,893
Total expenditure	**888,212**	**74,179**	**-51,415**	**-3,058**	**-44,002**	**863,916**	**106,345**	**970,261**
Surplus/deficit on the provision of services	**301,570**	**2,261**	**-49,808**	**-556**	**0**	**253,467**	**-210,026**	**43,441**

26. Trading Operations

Surpluses and Deficits on Trading Accounts

The Council operates a number of trading accounts for the following services.

- Highways Maintenance – which provides repairs to and maintenance of the highways infrastructure including lighting, drainage and winter maintenance.
- Building Maintenance – which provides maintenance, installation and repairs to Council property and Council Housing.
- Transport – the procurement, repair, maintenance and inspection of vehicles and other related plant.
- Metrofresh – which provides a comprehensive catering service including delivering 3.23m meals per year in more than 100 primary and special schools and 18 high schools in the borough.
- Building Cleaning – which provides cleaning services and caretaking support to education establishments, sheltered housing and council offices.

In addition to the traditional trading services the Council has also identified other activities which can be classified as such under the Best Value Accounting Code of Practice. These activities include Support Services, Markets and Industrial Estates.

2010/11	**Expenditure £'000**	**Turnover £'000**	**Surplus (-) / Deficit £'000**	**IAS 19 Allocation £'000**	**Post IAS 19 Surplus (-) / Deficit £'000**
Highways Maintenance	7,449	7,690	-241	74	-167
Building Maintenance	9,602	9,728	-126	55	-71
Transport	5,139	5,516	-377	26	-351
Metrofresh	9,703	8,133	1,569	121	1,691
Building Cleaning	3,424	3,499	-75	77	2
Total	**35,317**	**34,567**	**750**	**354**	**1,104**
Support Services	63,196	64,276	-1,080	14	-1,066
Other Trading Services	3,285	3,003	282	11	293
Total	**101,798**	**101,846**	**-47**	**378**	**331**

IAS 19 is a statutory accounting requirement relating to the Local Government Pension Scheme explained in note 40. The impact of IAS 19 increased charges to the above services by £0.378m.

The Metrofresh deficit is significantly due to the cost of equal pay and redundancy allocations.

Surpluses and Deficits on Trading Accounts

2009/10 Comparative figures	Expenditure £'000	Turnover £'000	Surplus (-) / Deficit £'000	FRS17 Allocation £'000	Post FRS17 Surplus (-) / Deficit £'000
Highways Maintenance	8,479	8,390	89	-105	-16
Building Maintenance	8,690	8,820	-130	-79	-209
Transport	5,589	5,548	41	-38	3
Metrofresh	7,655	7,612	43	-162	-119
Building Cleaning	3,236	3,346	-110	-99	-209
Total	**33,649**	**33,716**	**-67**	**-483**	**-550**
Support Services	62,722	64,052	-1,330	-15	-1,345
Other Trading Services	1,809	2,983	-1,174	-17	-1,191
Total	**98,180**	**100,751**	**-2,571**	**-515**	**-3,086**

27. Agency Services

The Council is a billing authority for National Non Domestic Rates (NNDR) and council tax. This includes the billing of precepts for the Greater Manchester Police Authority, Greater Manchester Fire Authority and the precepts for the parishes of Haigh and Shevington.

The Council also collects superannuation payments from its employees on behalf of the Greater Manchester Pension Fund and the Teachers Pension Scheme.

28. Pooled Budgets

A partnership agreement, under Section 75 of the National Health Service Act (2006), exists between Wigan Council and Ashton, Leigh & Wigan Primary Care Trust. The partnership includes provision for the creation of a pooled budget and lead commissioning arrangements for services for people with drug and alcohol problems. The partners to the agreement jointly contribute to the creation and maintenance of the pooled budget, which is used to carry out NHS functions, health related functions, Local Authority functions and statutory social care.

Wigan Council is the host organisation for this pooled budget, and as the responsible authority for the commissioning and purchasing activities of the Community Safety Partnership, the Local Authority manages and procures services on behalf of key stakeholders, in order to meet the needs of drug and alcohol users in the borough.

The Memorandum of Account for 2010/11 for the Adult Pooled Treatment Budget is summarised below.

Gross Funding 2010/11	Total £'000
Drug Scheme Funding:	
Wigan Council	964
Ashton, Leigh & Wigan Primary Care Trust	3,551
Total Drug Scheme Funding	**4,515**
Alcohol Scheme Funding:	
Ashton, Leigh & Wigan Primary Care Trust	1,227
Total Alcohol Scheme Funding	**1,227**
Total Pooled Budget Funding	**5,742**

Gross Expenditure 2010/11	Staff Costs £'000	Non Staff Costs £'000	Overheads £'000	Other £'000	Total £'000
Adult Pooled Treatment Budget – Drugs & Alcohol Services	206	5,500	36	0	**5,742**
Total Expenditure	**206**	**5,500**	**36**	**0**	**5,742**
Net Over / Underspend (-)					**0**

In addition a pooled budget was established on 1 August 2005 between the Council and Ashton, Leigh and Wigan PCT. The Integrated Community Equipment Store (ICES) brought together previously separate community equipment operations to achieve more efficient and effective equipment purchase and maintenance.

The Council is the host organisation for the ICES which it administers on behalf of the two parties. The ICES budget is top sliced by the Council from the Aids and Adaptations capital budget. The Pooled Budget arrangement is currently scheduled to last three years.

The table below shows the total for the year:

Gross Funding 2010/11	Cash £'000	Grants £'000	In Kind £'000	Other £'000	Total £'000
Integrated Community Equipment Service (ICES) Funding:					
Wigan Council	422	0	0	0	**422**
Ashton, Leigh & Wigan Primary Care Trust	366	0	0	0	**366**
Total ICES Funding	**788**	**0**	**0**	**0**	**788**

Gross Expenditure 2010/11	Staff Costs £'000	Non Staff Costs £'000	Overheads £'000	Community Equipment £'000	Other £'000	Total £'000
Integrated Community Equipment Service (ICES)	216	155	0	417	0	**788**
Total Expenditure	**216**	**155**	**0**	**417**	**0**	**788**

Further, with effect from 1 April 2010, a pooled budget was established under a S.75 agreement between the Council and NHS Ashton, Leigh and Wigan.

The pooled budget was put in place to support the Single Commissioning Agency (SCA) that had been set up by the two organisations.

The objective of the SCA is to have oversight of, and further develop, integrated arrangements over a range of commissioning resources to deliver improved outcomes for health and wellbeing. The table below shows the total for the year:

Gross Funding 2010/11	**Cash £'000**	**Grants £'000**	**In Kind £'000**	**Other £'000**	**Total £'000**
Single Commissioning Agency (SCA) Funding:					
Wigan Council	64,671	0	0	0	**64,671**
NHS Ashton, Leigh & Wigan	95,145	0	0	0	**95,145**
Total SCA Funding	**159,816**	**0**	**0**	**0**	**159,816**

Gross Expenditure 2010/11	**Staff Costs £'000**	**Non Staff Costs £'000**	**Overheads £'000**	**Other £'000**	**Total £'000**
Single Commissioning Agency (SCA)	19,471	140,345	0	0	**159,816**
Total Expenditure	**19,471**	**140,345**	**0**	**0**	**159,816**

29. Members' Allowances

The Council paid the following amounts to members of the council during the year.

	2009/10 £'000	**2010/11 £'000**
Salaries	1,162	1,136
Allowances	6	5
Expenses	20	17
Total	**1,188**	**1,158**

The employers' pension contributions associated with these allowances was £0.069m (£0.062m in 2009/10).

30. Officers' Remuneration

In order to provide more information the emoluments have now been separated between Chief and Senior Officers, Leadership Heads, Deputies and Assistants in Schools and Colleges.

The number of employees (including senior management) whose remuneration, excluding employer's pension contributions, was £50,000 or more is shown below.

Chief and Senior Officers
a)

Number of Employees 2009/10	Remuneration Band	Number of Employees 2010/11
19	£50,000 - £54,999	29*
18	£55,000 - £59,999	23*
18	£60,000 - £64,999	26*
4	£65,000 - £69,999	14*
1	£70,000 - £74,999	6*
1	£75,000 - £79,999	6*
-	£80,000 - £84,999	3*
4	£85,000 - £89,999	7*
3	£90,000 - £94,999	4
2	£95,000 - £99,999	4*
1*	£100,000 - £104,999	-
-	£105,000 - £109,999	1
-	£110,000 - £114,999	-
-	£115,000 - £119,999	1
-	£120,000 - £124,999	1
1	£125,000 - £129,999	-
1	£130,000 - £134,999	1
2	£135,000 - £139,999	1*
1	£140,000 - £144,999	1*
-	£145,000 - £149,999	-
-	£150,000 - £154,999	-
-	£155,000 - £159,999	1*
-	£160,000 - £164,999	-
-	£165,000 - £169,999	-
-	£170,000 - £174,999	-
-	£175,000 - £179,999	-
-	£180,000 - £184,999	-
-	£185,000 - £189,999	1*
-	£190,000 - £194,999	-
-	£195,000 - £199,999	-
1	£200,000 - £204,999	-
-	£205,000 - £209,999	1
-	£210,000 - £214,999	-
77		**131**

- **Figures include redundancy payments**

During 2010/11 the Council announced a scheme of early retirement/voluntary redundancy. It also undertook a review of its senior managers. The increase in the numbers shown above is due to the statutory redundancy payments made to 65 staff.

Schools and Colleges Leadership – Heads, Deputies and Assistants

The number of school and college employees whose remuneration, excluding employer's pension contributions, was £50,000 is as follows:

b)

Number of Employees 2009/10	Remuneration Band	Number of Employees 2010/11
89*	£50,000 - £54,999	97*
49	£55,000 - £59,999	52*
34	£60,000 - £64,999	34
11	£65,000 - £69,999	20
9	£70,000 - £74,999	12
6	£75,000 - £79,999	5
6	£80,000 - £84,999	9*
2	£85,000 - £89,999	4
2	£90,000 - £94,999	4
2	£95,000 - £99,999	1
1	£100,000 - £104,999	1
-	£105,000 - £109,999	-
-	£110,000 - £114,999	-
1	£115,000 - £119,999	-
-	£120,000 - £124,999	-
-	£125,000 - £129,999	1
212		**240**

- **Figures include redundancy payments**

The following table lists the individual remuneration of the Strategic Management Team and Statutory Officers of the Council whose remuneration is over £50,000

c)

Total Remun. Incl. pension contrib. 2009/10 £	Name	Job Title	Salary £	Comp. for loss of employ. £	Election Fees £	Leased car & other taxable benefits £	Total Remun. excl. pension contrib. £	Employers Pension Contrib. £	Total Remun. Incl. pension contrib. 2010/11 £
228,876	Joyce Redfearn (1)	Chief Executive	193,150		14,977		208,127	30,131	238,258
157,291	Bernard Walker (2)	Executive Director	110,690	74,368	152		185,210	17,252	202,462
113,360	Kevin Lawson (3)	Service Director – Borough Solicitor	101,851	53,819	600	54	156,324	15,889	172,213
148,048	Nick Hudson	Executive Director	132,503		152		132,655	20,671	153,326
164,359	David Smith (4)	Executive Director	121,222		600	80	121,902	18,910	140,812
48,013	Gillian Bishop (5)	Executive Director	115,449			149	115,598	20,786	136,384
111,386	Paul McKevitt (6)	Service Director Corporate Services & Section 151 Officer	99,392			6,031	105,423	15,487	120,910
157,813	Vacant (7)	Deputy Chief Executive							

(1) Joyce Redfearn also became the Chief Executive of Ashton, Leigh & Wigan PCT (ALWPCT) on 1 January 2011. The Council receives a 35% contribution from ALWPCT towards the remuneration of Joyce Redfearn. The Chief Executive post at Wigan Council includes remuneration as Clerk to Greater Manchester Fire and Rescue Authority.

(2) Bernard Walker retired on 23 January 2011. The annual remuneration for this post was £124,724 - £136,062. His salary above includes redundancy payments as listed. The Council received a 50% contribution from ALWPCT towards the remuneration of Bernard Walker up to 17 January 2011. This is a reciprocal arrangement as the Council paid a 50% contribution towards the remuneration of the Director of Public Health.

(3) Kevin Lawson retired on 31 March 2011. His salary above includes redundancy payments as listed.

(4) David Smith resigned on 20 February 2011. The annual remuneration for this post is £124,724 - £136,062. This post included position as Treasurer of Greater Manchester Fire and Rescue Authority.

(5) Gillian Bishop became an Executive Director on an interim basis in November 2009, becoming full time in 2010. The annual remuneration for this post is £124,724 - £136,062. In the current year she has also taken on the responsibilities of the Deputy Chief Executive on an interim basis.

(6) Paul McKevitt became Treasurer to Greater Manchester Fire and Rescue Authority following David Smith's resignation in February.

(7) The post of Deputy Chief Executive became vacant on 23 December 2010. The annual remuneration for this post is £124,724 - £136,062.

31. Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors:

	2009/10 £'000	2010/11 £'000
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	310	316
Fees payable to the Audit Commission in respect of statutory inspections	16	0
Fees payable to the Audit Commission for the certification of grant claims and returns	85	80
Fees payable in respect of other services provided by the appointed auditor	2	0
Total	**413**	**396**

The 2009/10 fees payable for other services included the National Fraud Initiative.
The 2010/11 fees payable to the Audit Commission includes a refund of £13,000 to subsidise the 'one off' element of the cost of transition to IFRS.

32. Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2008. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2010/11 are as follows:

Notes		Central Expenditure	Individual Schools Budget	Total
		£'000	£'000	£'000
		Column 1	Column 2	Column 3
A	Final DSG for 2010/11			**192,731**
B	Brought forward from 2009/10			**1,399**
C	Carry forward to 2011/12 agreed in advance			**11**
D	Agreed budgeted distribution in 2010/11	16,129	177,990	**194,119**
E	Actual central expenditure	14,534		
F	Actual ISB deployed to schools		177,833	
G	Local authority contribution for 2010/11	0	0	**0**
H	Carry forward to 2011/12	1,595	157	**1,763**

A DSG figure as issued by the Department on 1 July 2010.

B Figure brought forward from 2009/10 as agreed with the Department.

C Any amount which the Council decided after consultation with the schools forum to carry forward to 2011/12 rather than distribute in 2010/11 – this will be the difference between estimated and final DSG for 2010/11, or a figure (positive or negative) brought forward from 2009/10 which the Council is carrying forward again.

D Budgeted distribution of DSG, adjusted for carry forward as agreed with the schools forum.

E Actual amount of central expenditure items in 2010/11 – amounts not actually spent, eg money that is moved into earmarked reserves, should be included in row H column 1 as carried forward.

F Amount of ISB actually distributed to schools (ISB is regarded for DSG purposes as spend by the Council once it is deployed to schools' budget shares).

G Any contribution from the local authority in 2010/11 which will have the effect of substituting for DSG in funding the Schools Budget.

H Carry forward to 2011/12, ie:

For central expenditure, difference between budgeted distribution of DSG (row D column 1) and actual expenditure (row E column 1), plus any local authority contribution (row G column 1).

For ISB, difference between budget (row D column 2) and amount actually deployed to schools (row F column 2), plus any local authority contribution (row G column 2). Over or under-deployment on ISB can arise from transfers from central expenditure during the year, eg for contingencies; or from adjustments to schools' budget shares during the year, eg for named SEN pupils or excluded pupils. Total is carry forward on central expenditure (row H column 1) plus carry forward on ISB (row H column 2) plus/minus any carry forward to 2011/12 already agreed (row C column 3).

33. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2010/11:

Credited to Taxation and Non Specific Grant Income	Awarding Body	2009/10 £'000	2010/11 £'000
Area Based Grant	DCLG	31,709	28,972
Revenue Support Grant	DCLG	24,197	16,874
Capital Grants	Various	10,970	9,730
Local Authority Business Growth Incentive Grant	DCLG	367	0
Magistrates Grant	MoJ	87	102
Probation Grant	MoJ	37	33
Performance Reward Grant	DCLG	53	0
Total		**67,420**	**55,711**

Credited to Services	Awarding Body	2009/10 £'000	2010/11 £'000
Dedicated Schools Grant	DFE	186,433	193,083
HRA Rent Rebates	DWP	43,357	44,509
Rent Allowance Subsidy	DWP	35,555	40,447
Standards Fund Grant	DFE	18,065	28,872
Council Tax Benefit	DWP	24,267	25,276
REFCUS	Various	27,833	14,308
Surestart	DFE	8,935	11,536
Capacity Building Support Grant	CLG	7,531	10,993
Schools Standards Grant	DFE	9,563	9,661
NWIEP	DCLG	6,528	8,765
Young Peoples Learning Agency (formerly Learning Skills Council)	DCSF	4,541	4,596
General Education Grants	Various	2,400	2,353
Social Care Reform Grant	DOH	1,318	2,307
Council Tax Admin Grant	DWP	1,747	1,843
Housing Benefit Admin Grant	DWP	1,429	1,263
NW Coalfields Communities Regeneration	NWDA	400	1,242
Climate Skills Change Grant *	DEFRA	0	1,085
Criminal Justice Intervention Programme Grant	HO	1,061	937
Housing Subsidy Grant	DCLG	959	837
Youth Justice Board	DOH	660	675
Performance Reward Grant	DCLG	686	644
Coalfield Regeneration Trust *	DWP	0	471
Planning Delivery Grant	DCLG	390	335
Youth Opportunity Fund	DFE	369	328
Intensive Start Up Support (ISUS)	DWP/NWDA	0	275
Workstep Grant	DWP	264	236
Contact Point Grant	DFE	179	231
Youth Crime Action Plan	DFE	170	185
Other Grants	Various	2,029	2,261
Total		**386,669**	**409,554**

***** These grants are new for 2010/11

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows:

Grants Receipts in Advance	Awarding Body	2009/10 £'000	2010/11 £'000
Section 106	Various	736	525
Open University	HEFCE	113	167
Local Delivery Support Grant	DFE	0	166
Childcare Startup	DFE	63	162
Total		**912**	**1,020**

34. Related Parties

In accordance with International Accounting Standard 24 (IAS24), the Council is required to disclose material transactions with related parties. Related parties are bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council. This note exemplifies those transactions between related parties and the Council.

Central Government

The Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (eg Council Tax bills, Housing Benefits). Details of transactions with Government departments are set out in note 33 Grant Income.

Members of the Council

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2010/11 is shown in Note 29. Each year the Council invites Members to declare any such interests including related parties. Details of Members' interests, both pecuniary and non-financial are recorded in the Register of Members' Interest, which is open to public inspection at the New Town Hall, Wigan. During 2010/11 there were no reported material transactions with related parties advised by Members.

Chief Officers

The Council operates a Code of Conduct whereby individual Chief Officers are required to disclose any pecuniary and non-financial interests with related parties. In addition, the Council on an annual basis necessitates Chief Officers to make a declaration of any related parties. There were no reported interests in an organisation that generated a related party transaction with the Council in respect of 2010/11.

However the Council's Chief Executive and Director of Corporate Services (Resources Directorate) are also the Clerk and Treasurer respectively to Greater Manchester Fire and Rescue Authority. There is also an arrangement between the Council and Ashton, Leigh and Wigan Primary Care Trust (PCT) of a shared post for the Chief Executive of the Council and the PCT where the Council receives a 35% contribution from the PCT towards the remuneration of the Chief Executive. The Council also received a 50% contribution from the PCT towards the remuneration of The Executive Director of Adult Health and Wellbeing . This was a reciprocal arrangement as the Council paid a 50% contribution towards the remuneration of the Director of Public Health. All Chief Officer remuneration payments are included in detail in Note 30 Officers' Remuneration.

Joint Services and Partnerships

Manchester City Region Combined Authority

As a result of an agreement reached between the ten Greater Manchester Councils and Central Government, the Combined Authority will take over arrangements for the coordination of a range of policy issues including economic development and regeneration for Greater Manchester, assume responsibility for determining skill needs with a statutory Employment and Skills Board and have responsibility for the exercise of new powers and function for the prioritisation of transport investment.

This development will in the future have financial implications which will impact on the availability and use of resources by Wigan Council and the other Greater Manchester Authorities. This will become clearer as the work of the Combined Authority develops. This Combined Authority was formally established on 1 April 2011.

Local Education Partnership (LEP)

The Council owns a 5% share of a LEP company established in December 2009. This was established as a joint venture with Salford Council (who also own a 5% share) and was expected to deliver the Council's Building Schools for the Future programme. The programme was cancelled as part of the October 2010 spending review.

Association of Greater Manchester Authorities (AGMA)

The Association is a partnership between the ten Local Authorities within the Greater Manchester area. The ten co-operate on a number of issues both statutory and non-statutory, where there is the possibility of improving service delivery by working together. A number of AGMA units exist which the Council contributes to. The expenditure incurred is contained within the relevant service headings in the Comprehensive Income and Expenditure Statement.

Other Public Bodies

During 2010/11 levies have been incurred in respect of:

- Flood Defence via the Environment Agency (£0.154m);
- Greater Manchester Integrated Transport Authority (£20.729m);

Assisted Organisations
During 2010/11 the Council awarded grants totalling £1.130m to voluntary organisations whose activities complemented the work of the Council in providing services or support to people living in the Borough.

Under Joint Arrangements, the Council received contributions from Primary Care Trusts towards a jointly agreed programme of schemes totalling £5.207m. The Council contributed £0.974m towards joint schemes administered by Primary Care Trusts.

In addition, under Section 31 of the Health Act 1999 as amended by Section 75 of the National Health Service Act 2006, the Council in the role as host partner of the pooled funds received contributions from Primary Care Trusts towards a jointly agreed programme of Drug Misuse and Alcohol related schemes totalling £4.778m. The Council contributed £0.964m towards joint schemes administered by Primary Care Trusts. Further details are included in Note 28 Pooled Budgets.

The Council provided Community Services Fee funding of £16.411m during 2010/11, to the Wigan Leisure and Culture Trust.

Accountable Bodies
The Council acts as accountable body for the North West Improvement and Efficiency Partnership (NWIEP) which is a partnership formed from the merging of the North West Centre of Excellence and the North West Improvement Network.

The Partnership is funded by Central Government and works with Councils from the region to deliver a three year strategy that will focus on shaping improvements and efficiencies around the priority outcomes from North West Local Area Agreements and the broader transformation agenda.

Although NWIEP funding is being used to benefit all Local Authorities in the North West, Wigan is the accountable body and the income and expenditure associated with the project are included in Wigan's Statement of Accounts. Any interest earned on the NWIEP funds held by Wigan Council is ring-fenced for use by the partnership.

During 2010/11 income of £9.3m was received. The main source of funding was the following Government Grants:

- Main NWIEP Year 3 allocation of £8.0m
- Climate Skills Change Fund Grant of £1.0m

Expenditure amounted to £13.3m during 2010/11. The excess of expenditure over income received during the year was funded by unspent NWIEP grant funding received in earlier years.

35. Related Businesses and Companies

The Council has relationships with a number of companies over which it has varying degrees of control or influence. In previous years the Council has prepared Group Accounts to include those companies where the Council has a significant interest. With the introduction of IFRS and updated guidance from CIPFA, the Council has agreed with the Audit Commission that it does not have to prepare these statements. The three former group companies included the Wigan and Leigh Housing Company, Leigh Sports Village Limited and Wigan Metropolitan Development Company Limited. For the reader's benefit we have continued to include details of the relationship with the Council and financial performance of these companies.

Wigan and Leigh Housing Company Limited

This is a company limited by guarantee. The Council is the sole member of the company and has the right to appoint 4 out of 12 Directors. The Council would be able to secure a distribution of assets and could equally dissolve the company. The company has a contractual relationship with the Council and is responsible for the management of the Council's housing stock. The Council paid the Company a management fee of £15m for 2010/11.

The company returned a pre-IAS19 loss of £340,400 and a post IAS19 surplus of £4,259,600 for the financial year 2010/11. Copies of the accounts are available at Unity House, Westwood Park Drive, Wigan, Lancs. WN3 4HE.

The Council has provided to Wigan and Leigh Housing (WALH), a letter of support for their pension liability of £4.9m as assessed by actuarial advice that arises from compliance with IAS19 requirements. This requires the disclosure of what the cost of pension liabilities are as they are being earned by employees irrespective of the fact that they may not be due and payable for many years. WALH has no assets and retains a limited surplus therefore, the pensions liability gives WALH a net deficit position on the balance sheet.

If a letter was not provided by the Council then WALH would not effectively be seen as a going concern and their Auditors would be unable to sign off the accounts.

Wigan Metropolitan Development Company Limited

This is a company limited by guarantee. The Council is entitled to appoint 14 out of 17 members of the Company. The Council has the ability to dissolve the company and to procure the distribution of its assets, although the Council does not have direct liability for the losses of the company. The company either directly or through its subsidiaries (Wigan Metropolitan Development Company (Property) Ltd and Wigan Metropolitan Development Company (Investment) Ltd) manages offices and industrial units and promotes regeneration within the borough of Wigan.

The company returned a profit of £32,948 for the financial year 2010/11. Copies of the accounts are available at Wigan Investment Centre, Waterside Drive, Wigan, Lancs. WN3 5OA.

Leigh Sports Village Company Limited

This is a company limited by shares. The Council is the only shareholder. The Council has the ability to dissolve the company and to procure the distribution of its assets, although the Council does not have direct liability for the losses of the company. The company manages the sports facilities at the Leigh Sports Village site. The company returned a loss of £10,320 in 2010/11. Copies of the accounts are available at Wigan Investment Centre, Waterside Drive, Wigan, Lancs. WN3 50A.

Details of the other companies where the Council has a minority interest are;

Borough Care Services Ltd	New Environment Ltd
CLS Care Services Ltd	NPS North West Ltd
Commission for the New Economy Ltd	S&W TLP Partnership Ltd
Community Forests NW Ltd	Wigan Economic Partnership Ltd (dissolved 22 June 2010)
Douglas Valley Community Ltd	Wigan Leisure & Culture Enterprises Ltd
Douglas Valley Properties Ltd	Wigan Leisure & Culture Trust
Groundwork Lancashire West and Wigan Ltd	Yorkshire Purchasing Organisation
Manchester Investment & Development Agency Service Ltd	

There are two companies that the Council has a financial interest in;

Wigan Football Company Limited

This Company operates the DW Stadium at Robin Park, Wigan. The Council holds 4,499,492 ordinary £1 shares, which is 15% of the total issued. These have been valued at £538,000 in the Council's accounts. The Company is limited by shares and the Council has no liability for losses. Copies of the accounts can be obtained from the registered office at DW Stadium, Loire Drive, Robin Park, Wigan, Lancs. WN5 0UH. The Wigan Football Company financial position is summarised below:

Year ended 31.5.09 £'000		**Year ended 31.5.10 £'000**
27,863	Company's Net Assets	27,938
	Company's profit / (loss)	
85	before tax	167
85	after tax	75

During 2010/11, there were no amounts received by the Council as dividends or amounts written down in respect of the investment held.

Manchester Airport Group

This Company operates and develops Manchester International Airport. The Council holds 5% of the issued shares. The company is limited by shares and the Council has no liability for losses. Copies of the accounts are available from Manchester Airport Group, Town Hall, Manchester M20 2LA. Manchester Airport PLC financial position is summarised below:

Year ended 31.3.10 £'m		Year ended 31.3.11 £'m
769.1	Company's Net Assets	817.0
	Company's profit / (loss)	
45.6	before tax	80.6
36.9	after tax	84.7

36. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance lease and PFI/PP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by changes to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Finance Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

2009/10 £'000		2010/11 £'000
440,818	**Opening Capital Financing Requirement**	443,115
	Capital Investment:	
62,320	Property. Plant and Equipment	39,593
18,040	Revenue Expenditure Funded from Capital under Statute	16,352
	Sources of Finance:	
-865	Capital Receipts	-951
-61,355	Government Grants and Other Contributions	-40,990
-15,843	Revenue Provision	-17,591
443,115	**Closing Capital Financing Requirement**	**439,528**
	Explanation of Movements During Year	
153	Increase / (-) Decrease in underlying need to borrow (supported by Government financial assistance)	5,633
2,144	Increase / (-) Decrease in underlying need to borrow (unsupported by Government financial assistance)	-2,046
2,297	**Increase / (-) Decrease in Capital Financing Requirement**	**3,587**

37. Leases

Authority as lessee:
During 2010/11 the Council continued to lease vehicles, plant, machinery and equipment by means of operating leasing. Operating lease rentals on vehicles, plant, equipment and property paid in 2010/11 was £2.813m (2009/10 £2.851m). The Council also operates a car leasing scheme for its employees. The amount paid under these arrangements in 2010/11 was £0.241m (2009/10 £0.252m).

The Council was committed at 31 March 2011 to making payments of £2.623m under these operating leases in 2011/12, comprising the following elements :-

	Car Lease Info. £'000s	Vehicle, Plant & Equipment £'000s	Property £'000s	Total £'000s
Leases expiring in 2011/12	74	487	250	811
Leases expiring between 2012/13 and 2015/16	102	546	454	1,102
Leases expiring after 2015/16	0	555	155	710
Total Leases	**176**	**1,588**	**859**	**2,623**

Authority as lessor:
Where the Council acts as lessor, the gross value of assets held for use in operating leases at 31 March 2011 was £23.727m. The rent receivable in respect of these operating leases for the year 2010/11 was £1.852m. In the main assets held are investment properties and there is no depreciation associated with the majority of these as they are non-operational commercial and industrial assets.

The future minimum lease payments receivable are:

	Total £'000s
Leases expiring in 2011/12	66
Leases expiring between 2012/13 and 2015/16	294
Leases expiring after 2015/16	1,336
Total Leases	**1,696**

38. Impairment Losses

During 2010/11 the Council recognised total impairment losses of £29.5m, of which £17.2m was in respect of its council dwellings stock.

The capital expenditure of £17m on council dwellings during the year, which included £5m on boiler and heating replacements, was initially added to the value of the housing stock, however this was determined by the valuer to be non-enhancing expenditure. The recoverable value of the housing stock was therefore reduced by this amount to Fair Value (Existing Use Value – Social Housing). The impairment loss was charged to the Local Authority Housing line in the Comprehensive Income and Expenditure Statement. The previous year's impairment loss of £20.6m was written out on revaluation in accordance with the Code. Value in Use was determined using the specific bases and methods of valuation set out in the *Stock Valuation for Resource Accounting – Guidance for Valuers – 2010* published by the Department for Communities and Local Government.

With regard to the remaining £12.3m impairment losses recognised during the year, the most significant (£5.9m) related to the demolition of Abraham Guest High School.

39. Termination Benefits

The Council terminated the contracts of a number of employees in 2010/11, incurring liabilities of £3.480m (£0.524m in 2009/10). These amounts are payable to employees across all Council Services who were made redundant or took voluntary redundancy as part of the Council's rationalisation of services in respect of budget cuts.

Of this total, £1.718m is also disclosed in Note 30 Officers Remuneration.

In March the Council made public its decision to release further staff during 2011/12. It is estimated that this will amount to £6.5m. The Accountancy Code of Practice requires this to be included in the accounts.

40. Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Council participates in two pension schemes:

Teachers' Pension Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme administered by Capita Teachers' Pensions on behalf of the Department for Education. It provides teachers with defined benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Local Government Pension Scheme

Employees other than teachers are members of the Local Government Pension Scheme administered by Tameside MBC on behalf of the Greater Manchester Councils. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The cost of retirement benefits is now recognised in the Net Cost of Service when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against Council Tax is based on cash payable in the year, so the real cost of the retirement benefits is reversed out of the General Fund Balance via the Movements in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Account and the General Fund Balance during the year via the Movements in Reserves Statement.

Income and Expenditure Account

2009/10 £'000		2010/11 £'000
	Net Cost of Service:	
11,600	current service cost	24,200
500	past service cost	-90,300
	Net Operating Expenditure:	
45,900	interest cost	55,700
-30,300	expected return on assets in the scheme	-45,000
27,700	**Net Charge to the Comprehensive Income and Expenditure Account**	**-55,400**

For the Teachers' Pension Scheme the Council paid £14.0m in 2010/11 (£13.9m in 2009/10) to Capita Teachers' Pensions. This represents 14.1% (14.1% in 2009/10) of teachers' pensionable pay for the year.

In addition the Council pays the pension payments for teachers relating to added years together with related increases. In 2010/11 these amounted to £4.3m (£3.9m in 2009/10).

Movement in the Reserves Statement - General Fund

31.03.10 £'000		31.03.11 £'000
-27,700	Reversal of net charges made in retirement benefits in accordance with IAS19	55,400
17,806	Employers' contributions payable to the scheme	19,572
5,777	Retirement benefits payable to pensioners	6,061
-4,117	**Actual amount charged against the General Fund Balance for Pensions in the year**	**81,033**

Note to the Statement of Recognised Income and Expenses

31.03.10 £'000		31.03.11 £'000
142,200	Actuarial Gains / (Losses) on Plan Assets	(16,300)
(380,900)	Actuarial Gains / (Losses) on Obligation	173,000
(238,700)	**Actuarial Gain / Loss Recognised in the SRIE**	**156,700**
(311,700)	**Cumulative Actuarial Gain / Loss Recognised in the SRIE ***	**(155,000)**

*Please note that the Cumulative Actuarial Gains and Losses are based on the full available history of Actuarial Gains and Losses for the Employer.

Assets and Liabilities in Relation to Post Employment Benefits

Reconciliation of the present value of the scheme liabilities

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Teachers Pension Scheme	
	2009/10 £'000	2010/11 £'000	2009/10 £'000	2010/11 £'000
1 April	**620,600**	**1,025,500**	**50,000**	**60,300**
Current Service Cost	11,600	24,200	0	0
Interest Cost	42,600	52,600	3,300	3,100
Contributions by scheme participants	7,600	8,000	0	0
Actuarial gains and losses	370,000	-174,900	10,900	1,900
Benefits Paid	-27,400	-29,600	-3,900	-4,300
Past Service Costs	500	-86,800	0	-3,500
31 March	**1,025,500**	**819,000**	**60,300**	**57,500**

Reconciliation of the fair value of the scheme assets

2009/10 £'000	Assets: Local Government Pension Scheme	2010/11 £'000
480,300	**1 April**	**652,600**
30,300	Expected Rate of Return	45,000
142,200	Actuarial gains and losses	-16,300
17,800	Employer Contributions	19,600
7,600	Contributions by Scheme participants	8,000
-25,600	Benefits Paid	-27,800
652,600	**31 March**	**681,100**

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

The main assumptions used in the calculations have been:

2009/10 %	Rate of Return on assets in the scheme – LGPS only	2010/11 %
7.8	Equity Investments	7.5
5.0	Bonds	4.9
5.8	Property	5.5
4.8	Cash	4.6

Mortality Assumptions: Longevity at 65

	2010/11
Current Pensioners:	
Male	20.1 years
Female	22.9 years
Future Pensioners:	
Male	22.5 years
Female	25.0 years
Rate of Inflation (Price Increases)	2.8%
Rate of increase in salaries (Salary Increases)	4.3%
Rate of increase in pensions (Pension Increases)	6.6%
Rate of discounting scheme liabilities (Discount Rate)	5.5%
Take up of option to convert annual pension into retirement grant	50.0%

Life Expectancy is based on the PFA92 and PMA92 tables.

An allowance is included for future retirements to elect to take 50% of the maximum additional tax free cash up to the HRMC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

Whereas the Teachers' Pension Scheme has no assets to cover its liabilities, the Local Government Pension Scheme's assets consist of the following:

2009/10		2010/11
67%	Equity Investments	66%
16%	Bonds	16%
17%	Other Assets	19%

History of Experience Gains and Losses

The actuarial gains identified as movements on the pension reserve in 2010/11 totalled £156.7m can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2011.

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
	%	%	%	%	%	%
Differences between the expected and actual return on assets	12.86	0.62	-0.11	0.12	-31.08	-13.03
Differences between actuarial assumptions about liabilities and actual experiences	-0.19	-0.43	-0.02	0.00	-0.27	8.75

Scheme History

Scheme History	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Present Value of Liabilities:	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Local Government Pension Scheme	-714,200	-723,000	-635,200	-620,600	-1,025,500	-819,000
Teacher Pension Scheme	-55,600	-53,800	-52,600	-50,000	-60,300	-57,500
Fair Value of Assets in Local Government Pension Scheme	578,900	626,400	580,600	480,300	652,600	681,100
Surplus/Deficit in the scheme:						
Local Government Pension Scheme	-135,300	-96,600	-54,600	-140,300	-372,900	-137,900
Teachers Pension Scheme	-55,600	-53,800	-52,600	-50,000	-60,300	-57,500
Total	**-190,900**	**-150,400**	**-107,200**	**-190,300**	**-433,200**	**-195,400**

The Liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total liability of £195.4m has a substantial impact on the net worth of the Council. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the Local Government Scheme will be made good by increased contributions over the remaining life of the employees, as assessed by the actuary.

The total contributions expected to be made to the LGPS by the Council in the year to 31 March 2012 will be approximately £20.9m. Expected contributions for the discretionary benefits scheme in the year to 31 March 2012 are £1.8m.

41. Contingent Liabilities

Municipal Mutual Insurance Ltd

MMI Ltd no longer trade as an insurance company but they continue to meet their claims liabilities, in full, from remaining resources.

A Scheme of Arrangement with major creditors has been agreed and became effective, but held in reserve, on the 21st January 1994. The main effect of the Scheme if triggered would be the imposition of a levy on all claims paid since 30th September 1993, the amount liable to the 'clawback' levy if the Scheme is triggered is estimated to be £5.9 Million.

The Greater Manchester Council's (GMC) former insurer was also MMI. As at 31 March 2011 £10.7m of claims relating to GMC had already been paid (£10.7m at 31 March 2010), with outstanding claims estimated at £0.025m (£0.1m at 31 March 2010).

GMC ceased to exist on 31 March 1986 and any residual liabilities are shared between the ten local authorities of AGMA based on the population estimated by the Registrar General on the 30th June which falls 21 months before the beginning of the financial year in which any sum recoverable falls. Wigan's share of this liability is presently 11.9%. Therefore Wigan's share of the ex GMC claims paid and outstanding at 31 March 2011 are £1.276m.

As at June 2010 the MMI Annual Report and Accounts stated that the Directors are of the view that if a positive outcome can be achieved in the current litigation case a solvent run off with full payment of claims will be achieved. The litigation case is to be considered by the Supreme Court at the end of 2011 and a decision to be made possibly summer 2012.

At the present time it is not known whether the claw back clause will be invoked and therefore no provision for the potential liability has been made in the balance sheet.

Modesole Ltd

As a result of the Council receiving a distribution from the proceeds of Modesole's sale of its shares in the Midland Hotel and Conference Centre, a liability may arise, the extent of which can not yet be determined, to repay its share of a grant given in 1986 towards the refurbishment of the hotel.

As a result of the Council receiving a distribution of proceeds from the sale of its entire shareholding in Modesole Ltd, an indemnity was given to the buyer against any future liabilities arising in Modesole prior to the date of the sale. This indemnity is limited to the value of the sale proceeds received and will last for a period of 10 years from the date of sale, which was completed on 9th August 2005.

Pensions Liability for Wigan and Leigh Housing

The Council has provided to Wigan and Leigh Housing (WALH), a wholly owned subsidiary of the Council, a letter of support for the pension liability of £4.9m as assessed by actuarial advice that arises from compliance with IAS19 requirements. This requires the disclosure of what the cost of pension liabilities are as they are being earned by employees irrespective of the fact that they may not be due and payable for many years. WALH has no assets and retains a limited surplus therefore, the pensions liability gives WALH a net deficit position on the balance sheet.
If a letter was not provided by the Council then WALH would not effectively be seen as a going concern and their Auditors would be unable to sign off the accounts.

Grant Claims

The Council submits grant claims for substantial amounts each year. From time to time interpretation of legislation may be a matter of professional and technical judgement. In this context it may lead to possible grant qualifications by the external auditors. It is not possible to produce a reliable forecast for the cost of any grant qualifications.

Equal Pay

The Council, in its 2010/11 accounts, has recognised a provision for Equal Pay of £7.8m. In addition to this the potential still remains for equal value claims to be submitted to the Council but the quantification and a reliable estimate of the possible liability arising from any claims of this nature is still uncertain.

Metrolink

Phase 3a

The Association of Greater Manchester Authorities (AGMA), the Greater Manchester Integrated Transport Authority (GMITA) (now Transport for Greater Manchester (TfGM)) and the Department for Transport (DFT) have entered into a partnership funding approach for Metrolink phase 3a.

Within the agreement the DFT contribution is capped at £244m in cash and the TfGM and the AGMA authorities are jointly and severally responsible for meeting all costs over and above that sum on the strict understanding that the scope of the scheme granted full approval is delivered. The scheme opening is programmed for winter 2012.

Phase 3b

The Greater Manchester Transport Fund Accelerated Package includes the Metrolink phase 3b extension from Droylsden to Ashton-under-Lyne. The AGMA authorities reported (in September 2009) a total cost at £88m. The scheme opening date is programmed for winter 2013.

Variations to costs for these schemes are under the governance arrangements through TfGM and will be reported through to the Wider Leadership Group for their consideration in respect of future budget allocations for major Transport Schemes. In this respect there may be adjustments to funding available to Districts through this process.

Joint Committees

A joint committee of which the Council is a member authority has been asked by a regulatory body to provide information in relation to its activities. At present it is not known whether this will lead to any action or if there will be any financial impact.

42. Contingent Assets

Leigh Sports Village Ltd (LSV Ltd)

The Council made a contribution of £0.500m in 2009/10 to LSV Ltd in respect of managing the Leigh Sports Village site. This amount is to be repaid to the Council in the event that either the company or the site is sold to a third party.

43. Expenditure on Publicity

Section 5(1) of the Local Government Act 1986 requires a local authority to identify expenditure on publicity.

2009/10 £'000		2010/11 £'000
359	Recruitment advertising expenses	152
601	Other Advertising	574
1,007	Other Publicity	1,109
1,967	**Total Expenditure on all Publicity**	**1,835**

44. Building Control Trading Account

The Building (Local Authority Charges) Regulations 2010 require the disclosure of information regarding the setting of charges for the administration of the building control function.

From 1 April 2010, revised Building (Local Authority Charges) Regulations 2010 became applicable to Local Authorities in England and Wales; the implications of the new regulations and the CIPFA guidance on Local Authority Building Control Accounting (2010) are reflected in the 2010/11 financial statements, of which this note fulfills the disclosure requirements.

Wigan Council sets charges for work carried out in relation to building regulations with the aim of covering all costs incurred. In accordance with the revised Building (Local Authority Charges) Regulations 2010, Wigan Council aims to ensure that, taking one financial year with the next, Building Control fees are set to cover costs without generating a material surplus or loss.

However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities, including pre-application advice up to one hour duration.

In 2010/11 the schedule of Building Control fees has been established at the same level as the Association of Greater Manchester Authorities (AGMA). This reflects the intention to collaborate and have a single AGMA Building Control function in the near future.

The statement below shows the total cost of operating the Building Control Unit divided between the chargeable and non-chargeable activities.

Total Building Control 2009/10 £'000		Chargeable 2010/11 £'000	Non Chargeable 2010/11 £'000	All Other Building Control 2010/11 £'000	Total Building Control 2010/11 £'000
	Expenditure				
687	Employees Expenses	264	493	254	1,011
30	Transport	14	6	13	33
51	Supplies and Services	19	3	6	28
194	Central and Support Services Charges	62	28	61	151
962	**Total Expenditure**	**359**	**530**	**334**	**1,223**
	Income				
-331	Building Regulation Charges	-298	0	0	-298
-58	Miscellaneous Income	-42	0	-31	-73
-389	**Total Income**	**-340**	**0**	**-31**	**-371**
573	**Surplus (-) Deficit for the year**	**19**	**530**	**303**	**852**

45. Trust Funds

The Council administers a number of trust and charitable funds, which are not included in the Balance Sheet. These funds are invested in Local Authority Bonds and Charitable Unit Trusts.

2009/10 Income £	2009/10 Expenditure £	2009/10 Assets £	Fund	2010/11 Income £	2010/11 Expenditure £	2010/11 Assets £
			Children & Young People's Service			
703	0	76,170	Wigan Grammar Scholarship Fund	584	0	76,754
321	0	23,604	Wigan Grammar Prize Fund	302	0	23,906
217	0	35,005	Leigh Higher Education Prize Fund	201	0	35,206
86	0	10,838	Wigan Grammar Recreation Fund	71	0	10,909
52	0	10,888	Leigh Boys Grammar Prize Fund	52	0	10,940
76	0	10,743	James Boydell Fund	0	10,743	0
48	0	9,591	Ronald Watkins Williams Fund	0	9,591	0
42	0	8,396	A M Lamb Scholarship Fund	0	8,396	0
211	0	24,500	Others	47	18,724	5,823
1,756	**0**	**209,735**		**1,257**	**47,454**	**163,538**
			Adult Services			
4	2,488	0	Criminal Injuries Compensation	0	0	0
86	0	4,121	J A Smith Bequest	86	4,186	21
50	0	3,182	T Holland Bequest	29	3,182	29
22	0	5,109	J W Littler Bequest	22	5,120	11
44	131	9,323	B Griffiths Bequest	44	699	8,668
206	**2,619**	**21,735**		**181**	**13,187**	**8,729**
1,962	**2,619**	**231,470**	**Total Trust Funds**	**1,438**	**60,641**	**172,267**

There are no significant liabilities to be disclosed. The decrease in funds relates to any inactive/dormant funds being transferred over to the Greater Manchester Community Foundation.

46. Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2010/11 financial year and its position at the year-end of 31 March 2011. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2003. These regulations require the Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 and the Best Value Accounting Code of Practice 2010/11, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act. As a result of the change to IFRS a number of accounting policies have been amended and added as per guidance from the Code –

Cash & Cash Equivalents (revised)
Impairment (revised)
Employee Benefits (new)
Government Grants and Contributions (revised)

Inventories (revised)
Lease Arrangements (revised)
Property, Plant and Equipment (revised)
Prior Period Adjustments (new)
Investment Property (revised)
Intangible Assets (revised)

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than three months from the balance sheet date and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council’s cash management.

Charges to Revenue for Non Current Assets

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service.

- Revaluation and impairment losses used by the service where there are no accumulated gains in the Revaluation Reserve against which they can be written off.

- amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement. This should be equal to either:-

an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance, or loans funded principal charges
or:
equal to at least 4% of the underlying amount measured by the adjusted Capital Financing Requirement, excluding amounts attributable to Housing Revenue Account (HRA) activity.

Depreciation, impairment and revaluation losses and amortisations are therefore replaced by revenue provision in the General Fund Balance, by way of an adjusting transaction within the Capital Adjustment Account for the difference between the two. There is no requirement to make a repayment of housing debt.

Cost of Support Services

The costs of overheads and support services are charged to those service areas that benefit from the supply or service in accordance with the costing principles of the CIPFA Best Value Accounting Code of Practice 2010/11. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation or impairment losses chargeable to non-operational properties such as assets under construction, surplus assets and assets held for sale.

These two cost categories are accounted for as separate headings in the Comprehensive Income and Expenditure Account, as part of the Net Cost of Continuing Services.

Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (eg cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, eg time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect. Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Financial Assets

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market.

- available-for-sales assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where the Council has made a number of loans to voluntary organisations at less than market rates (soft loans) a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the

impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement. Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (eg dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments)

or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve. Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

Guarantees Entered Into Before 1 April 2006

Where the Council entered into financial guarantees before 1 April 2006 these are not required to be accounted for as financial instruments. These guarantees are reflected in the Statement of Accounts to the extent that provisions might be required or a contingent liability note is included.

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable; and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Foreign Currency Translation

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital

Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Intangible Current Assets

Landfill allowances, whether allocated by DEFRA or purchased from another Waste Disposal Authority (WDA) are recognised as current assets and are initially measured at fair value. Landfill allowances allocated by DEFRA are accounted for as a government grant. After initial recognition, allowances are measured at the lower of cost and net realisable value.

As landfill is used, a liability and an expense are recognised. The liability is discharged either by surrendering allowances or by payment of a cash penalty to DEFRA (or by a combination). The liability is measured at the best estimate of the expenditure required to meet the obligation, normally the market price of the number of allowances required to meet the liability at the reporting date. However, where some of the obligation will be met by paying a cash penalty to DEFRA, that part of its liability is measured at the cost of the penalty.

Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using either the FIFO/weighted average costing formula. Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

Intangible Fixed Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (eg software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

The Authority as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg there is a rent-free period at the commencement of the lease).

The Authority as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.
Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to [the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Pensions

The Council contributes to two different pension schemes. There is an unfunded Teachers' Pension scheme administered by Capita Teachers' Pensions on behalf of the Department for Education and for other staff there is a funded Local Government scheme administered by Tameside MBC.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council. However, the arrangements for the Teachers' scheme mean that liabilities for these benefits cannot be identified to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme. No liability for future payments of benefits is recognised in the balance sheet and the Children and Education service revenue account is charged with the employer's contributions payable to Teachers' Pensions in the year.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:

The liabilities of the Greater Manchester pension scheme attributable to the Council are included in the balance sheet on an actuarial basis using the projected unit method. This is an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees. Liabilities are discounted to their value at current prices, using a discount rate of 5.5% (based on the indicative rate of return on high quality corporate bonds).

The assets of the Greater Manchester pension fund attributable to the Council are included in the balance sheet at their fair value:

- quoted securities – current bid price
- unquoted securities – professional estimate
- utilised securities – current bid price
- property – market value

The change in the net pensions liability is analysed into seven components:

1. **current service cost** – the increase in liabilities as a result of years of service earned this year. This is allocated in the Comprehensive Income and Expenditure Account to the revenue accounts of services for which the employees worked

2. **past service cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. This is debited to the surplus or

deficit on the provision of services in the Comprehensive Income and Expenditure Account as part of Non Distributed Costs

3. **interest cost** – the expected increase in the present value of liabilities during the year as they move one year closer to being paid. This is debited to Financing and Investment Income and Expenditure Line in the Comprehensive Income and Expenditure Account

4. **expected return on assets** – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return. This is credited to Financing and Investment Line in the Comprehensive Income and Expenditure Account

5. **gains/losses on settlements and curtailments** – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees. This is debited or credited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Account as part of Non Distributed Costs

6. **actuarial gains and losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve

7. **contributions paid to the pension fund** – cash paid as employer's contributions to the fund

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, ie in the current and future years affected by the change and do not give rise to a prior period adjustment. Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (eg from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of

uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. A deminimus level of £6,000 is in place for the capitalisation of expenditure for repairs Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (ie repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price

- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (ie it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.
Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost
- dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.
Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.
Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

- Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services.

Depreciation is not charged on Assets Held for Sale. If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale. When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of

the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment [or set aside to reduce the Council's underlying need to borrow (the capital financing requirement).] Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Depreciation

Depreciation is provided for on all assets with a determinable finite life (except for investment properties), by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use according to the following policy:

- Newly acquired assets with the exception of vehicles, plant and equipment are depreciated in the year following acquisition and assets under construction are not depreciated until they are used.

- Newly acquired vehicles, plant and equipment are depreciated in the year of acquisition on a pro-rata basis.

Depreciation is calculated on the following bases:

- council dwellings – equivalent to the major repairs allowance.

- other buildings – straight line allocation over the life of the property as estimated by the valuer.

- vehicles, plant and equipment – straight line allocation over a period of between 3 and 20 years, or over the asset's estimated remaining life.

- highways infrastructure – straight line allocation over 25 years.

- bridges – straight line over 60 years.

- freehold land and community assets are not depreciated

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. Where there is more than one significant part of the same asset which have the same useful life and depreciation method, such parts may be grouped in determining the depreciation charge. In practice this can be achieved by only separately accounting for significant components that have different useful lives and/or depreciation methods.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm’s-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Revenue Expenditure Funded from Capital under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current fixed assets has been charged to relevant service account in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts so there is no impact on the level of Council Tax.

Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus and Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement and employee benefits and they do not represent usable resources for the Council.

VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT FOR YEAR ENDED 31 MARCH 2011

2009/10 £'000		Notes	2010/11 £'000
	Expenditure		
22,017	Repairs & Maintenance	**1**	21,516
17,104	Supervision & Management	**2**	17,445
52	Rents, Rates, Taxes and Other Charges	**3**	69
0	Negative Housing Revenue Account Subsidy payable	**4**	283
-8,149	Depreciation and Impairment on Non Current Assets	**5**	242,870
49	Debt Management Costs	**6**	69
231	Movement in the Allowance for Bad Debts	**7**	249
31,304	**Total Expenditure**		**282,501**
	Income		
66,823	Dwelling Rents	**8**	68,384
646	Non-dwelling Rents	**9**	679
2,465	Charges for Services & Facilities	**10**	2,440
1,024	Contributions towards Expenditure	**11**	935
959	Housing Revenue Account Subsidy Receivable		0
71,917	**Total Income**		**72,438**
-40,613	**Net Cost Of HRA Services as included in the Comprehensive Income & Expenditure Statement**		**210,063**
174	HRA services share of Corporate and Democratic Core		171
0	HRA share of other amounts included in the whole authority Cost of Services but not allocated to specific services		0
-40,439	**Net Income for HRA Services**		**210,234**
	HRA share of the operating income and expenditure included in the Comprehensive Income & Expenditure Statement:		
-405	Gain (-) or loss on sale of HRA non current assets		-856
13,538	Interest payable and similar charges	**12**	13,472
-78	Interest and investment income	**13**	-112
0	Pensions interest cost and expected return on pensions assets		0
-2,792	Capital grants and contributions receivable		-2,244
-30,176	**Surplus (-) or deficit for the year on HRA services**		**220,494**

Under section 74 of the Local Government and Housing act 1989, the Council is required to maintain a separate account for transactions relating to the provision of council dwellings. This account shows the income to the Council is respect of rents, housing subsidy (income from the government), interest and charges. It also shows how that money is spent managing and maintaining properties and financing capital expenditure.

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

The day to day operation of the Council's housing stock is undertaken by Wigan and Leigh Housing Company Ltd, which is an Arms Length Management Organisation (ALMO).

MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

2009/10 £'000		Notes	2010/11 £'000
-9,446	**Housing Revenue Account surplus brought forward**		**-9,618**
-30,176	Surplus (-) or deficit for the year on the HRA Income and Expenditure Statement		220,494
25,487	Adjustments between accounting basis and funding basis under statute	**16**	-226,579
405	Gain or loss on sale of HRA non current assets		856
4,810	Capital expenditure funded by the HRA	**14**	2,417
-698	Transfer to / (from) Major Repairs Reserve	**15**	-211
-9,618	Net increase or decrease before transfers to or from reserves		**-12,641**
0	Transfers to (from) reserves		0
-9,618	**Balance on the HRA at the end of the current year**	**17**	**-12,641**

NOTES TO THE HOUSING REVENUE ACCOUNT

1. Repairs & Maintenance

This is the cost of undertaking programmed and day to day responsive repairs to the properties within the HRA, partially offset by an apportionment of the surplus earned by Leigh Building Services on providing the repairs service to the HRA.

2. Supervision & Management

This is the cost of managing and delivering services to all of the properties within the Housing Revenue Account. The main cost is the Management Fee charged by Wigan and Leigh Housing.

3. Rents, Rates and Other Charges

This includes the cost of Council Tax on empty properties and various minor charges relating to properties within the HRA.

4. Housing Subsidy

This is the central government subsidy based on the deficit on the Notional Housing Revenue Account as analysed below:

2009/10 £'000		2010/11 £'000
	Expenditure	
35,487	Management & Maintenance	36,615
13,847	Major Repairs Allowance	13,836
7,320	Charges for Capital	7,207
10,984	ALMO Allowance	10,984
67,638	**Total Expenditure**	**68,642**
	Income	
66,664	Housing Rents	68,934
3	Interest Received	3
66,667	**Total Income**	**68,937**
971	**Housing Subsidy due for the year**	**0**
0	**Housing Subsidy to repay CLG for the year**	295
-12	Adjustments to previous years claims	-12
959	**Total net Housing Subsidy received**	**0**
0	**Total net Housing Subsidy paid to CLG**	**283**

In 2010/11 Wigan Council moved from being a net recipient of Housing Subsidy grant to a net contributor to the HRA Subsidy system.

5. Depreciation and Impairment Charges

The depreciation and impairment charges for 2010/11 are as follows:

	£'000
Depreciation on Property, Plant and Equipment – Dwellings	13,836
Depreciation on Property, Plant and Equipment – Other Land and Buildings	137
Depreciation on Non - Operational Assets	74
Total Depreciation	**14,047**
Impairment	228,823
Total Depreciation and Impairment	**242,870**

The impairment charge represents the value of non-enhancing capital expenditure on HRA dwellings in 2010/11.

Stock Numbers & Valuations

	1 April 2010	31 March 2011	Change Number	Change %
Houses				
1 Bedroom	2,405	2,404	-1	-0.04
2 Bedrooms	4,595	4,600	5	0.11
3 Bedrooms	10,113	10,079	-34	-0.34
4 or more Bedrooms	271	272	1	-0.37
Total Houses	**17,384**	**17,355**	**-29**	**-0.17**
Flats				
1 Bedroom	3,266	3,258	-8	-0.24
2 Bedrooms	2,062	2,060	-2	-0.10
3 or more Bedrooms	82	82	0	0.00
Total Flats	**5,410**	**5,400**	**-10**	**-0.18**
Total Houses & Flats	**22,794**	**22,755**	**-39**	**-0.17**

The balance sheet value for HRA assets is as follows

	1 April 2010 £'000	31 March 2011 £'000
Property, Plant and Equipment – Dwellings	804,802	579,831
Property, Plant and Equipment – Other	7,175	7,397
Property, Plant and Equipment – Assets Under Construction	97	1,026
Intangible Assets	378	304
Assets Held for Sale	32	0
Investment Property	71	176
Total HRA Assets	**812,555**	**588,734**

The dwelling values within the above table are on the basis of Social Housing Use.

The vacant possession value of the dwellings within the Housing Revenue Account as at 1 April 2010 has been assessed at £1.698bn. The vacant possession value and balance sheet value of the dwellings within the HRA show the economic cost to Government of providing council housing at less than open market value.

6. Debt Management Expenses

This is the HRA proportion of the total cost of managing the Wigan Council debt portfolio.

7. Movement in the Allowance for Bad Debts

Contributions towards the HRA Allowance for Bad Debt amounted to £0.249m in 2010/11 compared with £0.231m in 2009/10.

Cumulative provisions for uncollectable debts are as follows:

	£'000
31 March 2010	3,386
31 March 2011	3,194

Rent Arrears are analysed below:

31 March 2010			31 March 2011	
£'000	%		£'000	%
1,362	4.41	Current Tenants Arrears	1,214	3.93
2,365	7.66	Former Tenants Arrears	2,204	7.13
1,007	3.26	Overpaid Housing Benefit	1,120	3.63
4,734	**15.33**	**Total Arrears**	**4,538**	**14.68**

8. Dwelling Rents

This is the total income due for the year after allowing for rent lost on void properties. In 2010/11 the void property rent loss was 1.06% compared with 1.02% in 2009/10.

9. Non Dwelling Rents

Rents from garages, shops and miscellaneous parcels of land.

10. Charges for Services and Facilities

Amounts charged to tenants in respect of items such as heating, lighting, caretaking, wardens etc.

11. Contributions towards Expenditure

Various contributions including:

- Tenants rechargeable repairs
- Settlement of insurance claims

12. Interest Payable and Similar Charges

This is interest payable on the HRA debt outstanding. As at 31 March 2011 the amount of HRA debt outstanding was £219.0m.

13. HRA Interest and Investment Income

This comprises interest on cash balances and interest from HRA mortgage loans.

14. Funding the 2010/11 HRA Capital Expenditure

	£'000
Capital Expenditure 2010/11	**19,637**
Funded by:	
Borrowing	570
Usable Capital Receipts	595
Other Grants and Contributions	3,140
Revenue Contributions to Capital Expenditure	2,417
Contributions from the Major Repairs Reserve	12,915
Total Funding 2010/11	**19,637**

Summary of Capital Receipts 2010/11

	£'000
Disposal of Dwellings (Right to Buy)	2,380
Disposal of Land & Other Property	88
Total Capital Receipts 2010/11	**2,468**

15. Transfer to / (from) Major Repairs Reserve

This transfer from the Major Repairs Reserve is in respect of depreciation on non-dwelling assets.

Major Repairs Reserve Movements 2010/11

	£'000
Opening Balance at 1 April 2010	**0**
Transfers Into the MRR 2010/11	14,047
Transfers From the MRR to the HRA in 2010/11	211
Expenditure charged to the MRR in 2010/11	12,915
Principal repayments charged to the MRR in 2010/11	0
Closing Balance at 31 March 2011	**921**

16. Adjustment between Accounting Basis and Funding Basis under statute

This comprises of the reversal of the charge for impairment and capital grants credited to the HRA statement.

17. Surplus at 31 March 2011

This is the accumulated HRA surplus as at 31 March. This is carried forward into 2011/12 for use in future years.

THE COLLECTION FUND 2010/11

2009/10 £'000		Notes	2010/11 £'000	2010/11 £'000
	Income			
	Council Tax			
106,081	Net Council Tax Receivable	**1**	107,856	
	Add : Transfers from General Fund			
-2	Transitional Relief Grant		-1	
24,014	Council Tax Benefit		25,135	
0	Contribution to previous years deficit		336	
130,093				**133,326**
	National Non Domestic Rates (NNDR)			
72,534	Income from Business Ratepayers	**2**		68,196
202,627				**201,522**
	Expenditure			
110,912	Wigan Council General Fund		112,839	
4,920	GM Fire Precept		5,051	
12,859	GM Police Precept		13,847	131,737
0	Distribution of previous years surplus			0
399	NNDR Cost of Collection Allowance			391
72,135	NNDR Contribution to National Pool	**2**		67,805
1,523	Increase in Bad Debts Provision			1,019
202,748				**200,952**
-121	**Movement on Fund Balance**			**570**

NOTES TO THE COLLECTION FUND

Introduction

The Collection Fund (England) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The fund records the collection and distribution of amounts due in respect of Council Tax and National Non-Domestic Rates (NNDR).

The year-end surplus or deficit, on the Collection Fund is distributed between billing and precepting authorities in a future financial year.

1. Council Tax

The average (Band D, 2 adult equivalent) Council Tax for the area of the billing authority was £1,368.66. This was based on a Band D equivalent tax base of 96,208 properties, set by the Councils' Chief Financial Officer in January 2010 in accordance with section 84 of the Local Government Act 2003 and regulation 3 of the Local Authorities (Calculation of Tax Base) Regulations 1992. The calculation of the tax base contains a provision of 1% losses on collection arising from bad debts and appeals against valuation etc.

Tax Base (Band D equivalents):

COUNCIL TAX BANDS (NO. OF PROPERTIES)

A	B	C	D	E	F	G	H	TOTAL
36,898	21,051	18,204	10,569	6,257	2,313	884	32	96,208

2. National Non-Domestic Rates (NNDR)

The total non-domestic rateable value at the year end was £207,907,128. From 2005/06, the Government introduced a new scheme of relief for small businesses which included the concept of two national non-domestic rate multipliers. The rates for 2010/11 are 40.7p for Qualifying Small Businesses and 41.4p for Non-qualifying Small Businesses and all Other Businesses.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council's Responsibilities

The Council is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Director of Corporate Services (Resources);
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- to consider and if agreeable approve the Statement of Accounts.

In accordance with the decision of the Audit, Governance and Improvement Review Committee held on 29 September 2011, I hereby approve the accounts for Wigan Council for the year ended 31 March 2011.

Councillor Gary Wilkes
29 September 2011

The Director - Corporate Services (Resources) Responsibilities

The Director of Corporate Services (Resources) is responsible for the preparation of the Council's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

In preparing this statement of accounts, the Director of Corporate Services (Resources) has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice;
- kept proper up to date accounting records;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- certified and dated the Statement of Accounts, to the effect that it presents fairly the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 2011.

I certify that the Responsibilities for the Statement present a true and fair view of the financial position of Wigan.

P McKevitt BA(Hons) ACMA, Director Corporate Services – Resources Directorate
30 June 2011

GLOSSARY

A

ACCRUALS
The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

AGENCY ARRANGEMENTS
Services performed by or for another Authority or public body, where the agent is reimbursed for the cost of the work done.

ACCUMULATED ABSENCES
Leave, Flexi-time and Time in Lieu that has not been taken at the end of the financial year.

B

BUDGET
A statement defining in financial terms the Authority's plans over a specified period. The budget is prepared as part of the process of setting the Council Tax.

C

CAPITAL ADJUSTMENT ACCOUNT
This provides a balancing mechanism between the different rates at which assets are depreciated under the Code and are financed through the capital control system.

CAPITAL EXPENDITURE
Expenditure on the acquisition of fixed assets such as land, buildings, vehicles and equipment which are of long term value, or expenditure which adds to and not merely maintains the value of existing fixed assets.

CAPITAL FINANCING COSTS
Each service is charged with an annual capital charge to reflect the cost of fixed assets used in the provision of services.

CAPITAL FINANCING REQUIREMENT
This measures the underlying need to borrow to finance capital expenditure.

CAPITAL RECEIPTS
Money received from the sale of capital assets such as land and buildings and vehicles, which may be used to repay outstanding debt or to finance new assets.

COLLECTION FUND
The Collection Fund is a separate statutory fund, which details the transactions in relation to non-domestic rates and the council tax, and the distribution to preceptors and the General Fund. The Collection Fund is consolidated with the other accounts of the Authority.

CORPORATE AND DEMOCRATIC CORE
The corporate and democratic core is concerned with the costs of corporate policy making and member based activities. Other costs relate to the general running of the Authority including corporate management, public accountability and treasury management.

CORPORATE GOVERNANCE
This is concerned with the Council's accountability for the stewardship of resources, risk management, and relationship with the community. It also encompasses policies on whistle blowing, fraud and corruption.

CREDITORS
Amounts owed by the Authority for work done, goods received or services rendered but for which payment has not been made at the balance sheet date.

COUNCIL TAX
This is a banded property tax levied on domestic properties in the Borough. The banding is based on estimated property values.

D

DEBTORS
Sums of money due to the Authority but unpaid at the balance sheet date.

DEFINED BENEFIT PENSION SCHEME
A defined benefit pension scheme is one where retirement benefits are determined independently of the investments of the scheme and employers have obligations to make contributions where assets are insufficient to meet employee benefits. The Local Government scheme is classified as a defined benefit scheme.

DEPRECIATION
The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use, passage of time or obsolescence through technological or other changes.

DEFERRED LIABILITIES
These are liabilities which are payable beyond the next year; they are primarily mortgage repayments and transferred debt.

F

FAIR VALUE
This is the amount that an asset could be bought or sold for between parties; the current market value of an asset can be evidence that the assets have been valued fairly.

FINANCIAL INSTRUMENTS
This is any contract that gives rise to a financial asset of one entity and a financial liability or equity of another. The term covers both financial assets (eg. loans receivable) and financial liabilities (eg. borrowings).

FUNDED PENSION SCHEME
A funded pension scheme is one in which the future liabilities for pension benefits are provided for by the accumulation of assets held externally to the employer's business.

H

HERITAGE ASSETS
These are held by the Council principally for their contribution to knowledge and culture.

HOUSING REVENUE ACCOUNT
The Housing Revenue Account is a statutory account maintained separately from General Fund services. It includes all revenue expenditure and income relating to the provision, maintenance and administration of Council Housing and associated areas.

I

IMPAIRMENT
A reduction in the value of a fixed asset below its carrying amount on the balance sheet.

INTANGIBLE ASSETS
These are assets that have no physical substance, for example, computer software licences.

INTERNATIONAL FINANCE REPORTING STANDARDS (IFRS)
These are the new accounting standards that must be adopted for 2010/11 onwards.

L

LIBID
This is the rate charged by one bank to another for a deposit, known as the London Interbank Bid Rate.

LATS
Landfill allowances allocated or purchased from DEFRA.

M

MEDIUM TERM FINANCIAL PLAN (MTFP)
A financial plan detailing projected expenditure and available resources over a period of three years.

MINIMUM REVENUE PROVISION (MRP)
This is the minimum amount which must be set aside from revenue as provision for debt repayment. For this Authority it is currently 4% of the internal and external debt outstanding at the start of the year.

N

NATIONAL NON DOMESTIC RATES
A NNDR poundage is set annually by the government, collected by local authorities and paid into a national pool. The proceeds are then redistributed by Central Government as a grant to authorities in accordance with a government formula.

NET-BOOK VALUE
The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current cost less the cumulative depreciation.

NET REALISABLE VALUE
The market value of the asset in its existing use (or open market value in the case of a non-operational asset), less any expenses incurred in realising the asset.

NON DISTRIBUTED COSTS
Costs incurred by the Authority which are excluded from service costs. These include past service costs relating to changes in pension regulations, the costs associated with unused shares of IT facilities and impairment losses relating to assets under construction.

P

PRECEPTS
An amount of money levied by one authority (the precepting authority) which is collected by another authority (the collecting authority) as part of the council tax.

PRIVATE FINANCE INITIATIVE (PFI)
A partnership between the private and public sectors that uses private sector financing to provide public sector assets. The partnership has to meet certain criteria to qualify for Central Government subsidy.

PROVISIONS
An amount set aside to provide for a liability, which is likely to be incurred, but the exact amount and the date it will arise is uncertain.

R

RESERVES
A reserve is an amount set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years.

REVALUATION RESERVE
This records gains made by the Council arising from increases in the value of Property, Plant and Equipment

REVENUE EXPENDITURE
This is the day to day running costs the Authority incurs in providing the service.

REFCUS
Revenue expenditure funded by capital under statute.

U

UNFUNDED PENSION SCHEME
This is one in which liabilities for pension benefits are charged to the employer's revenue account in the year in which they arise and are not financed from investments held.

V

VOLUNTARY REVENUE PROVISION (VRP)
The VRP is a voluntary revenue contribution for the repayment of debt. It recognises the shorter life span of a number of assets i.e. vehicles, that would become obsolete before the original debt has been repaid.

TERMS OF REFERENCE

REGULATORY BODIES, OTHER BODIES AND REGULATORY FRAMEWORK

A

Association of Greater Manchester Authorities (AGMA)
AGMA was formed after the abolition of the Greater Manchester Council in 1986. The 1985 Local Government Act devolved power to local areas but also recognised that there were some functions that needed to be co-ordinated at a metropolitan level. AGMA was formed to undertake these functions.
http://www.agma.gov.uk/

Audit Commission
Independent body with the responsibility of appointing external auditors to local authorities. The Audit Commission has a duty to ensure that local authorities make sufficient arrangements to secure economy, efficiency, and effectiveness in their use of resources and is able to subject a local authority to "Value for Money" studies.
http://www.audit-commission.gov.uk/

B

Best Value Accounting Code of Practice (BVACOP)
Published by CIPFA (below) the BVACOP establishes "proper practice" with regard to consistent financial reporting to enhance the comparability of local authority financial information and is given statutory force in England by regulations under the Local Government Act 2003.

C

CIPFA (Chartered Institute of Public Finance and Accountancy)
The leading professional body for public sector accounting which sets accounting standards for the public sector. CIPFA advises central government and other bodies on local government and public sector finance matters.
http://www.cipfa.org.uk/

Code of Practice on Local Government Accounting in the United Kingdom 2010/11:
Detailed guidance on the proper accounting treatment to be used in the preparation of local authority statement of accounts.

Communities and Local Government (CLG)
Government department formerly known as the Office of the Deputy Prime Minister (ODPM) or Department of Communities and Local Government (CLG), CLG issues government lead initiatives on issues such as fire prevention, emergency planning and training. CLG is also a major funding source.
http://www.communities.gov.uk/

Commission for Social Care Inspection (CSCI)
The Commission for Social Care Inspection (CSCI) registers inspects and reports on social care services in England to highlight good practice and expose bad practices.
http://www.csci.org.uk/

D

Department for the Environment, Food and Rural Affairs (DEFRA)
This government department integrates environmental, social and economic objectives. DEFRA promotes sustainable development as the way forward for Government.
http://www.defra.gov.uk/

Department for Education (DFE)
UK government department with responsibility for infant, primary and secondary education.
http://www.education.gov.uk/

G

Greater Manchester Combined Authority (GMCA)
The ten authorities in Greater Manchester are the first in the country to develop a statutory Combined Authority which will co-ordinate key economic development, regeneration and transport functions. The Greater Manchester Combined Authority (GMCA) was established on the 1 April 2011.
http://www.agma.gov.uk/gmca/index.html

H

Her Majesty's Revenue and Customs (HMRC)
HMRC is the body with the legal responsibility for collecting the bulk of tax revenue.
http://www.hmrc.gov.uk/

I

International Financial Reporting Standards (IFRS's)
These statements prescribe the methods by which all published accounts should be prepared and presented and compliance is mandatory; any departure must be clearly disclosed within the published accounts. The Code incorporates these accounting standards to the extent that they comply with specific legal requirements and are relevant to the activities of the local authority.

L

Local Authority (Scotland) Accounts Advisory Committee (LASAAC)
Often working as a joint committee with CIPFA, LASAAC aims to develop and promote proper accounting practice for Local Government in Scotland and contributes to the formal approval process for the SORP and BVACOP.
http://www.cipfa.org.uk/scotland/technical/lasaac.cfm

O

Office for Standards in Education, Children's Services and Skills (OFSTED)
Inspects and regulates educational services in the UK and promotes educational, economic and social well-being of children, young people and adult learners.
http://www.ofsted.gov.uk/

P

Public Works Loan Board (PWLB)
This is a government agency which provides long-term loans to public bodies at better rates than what would be obtained commercially.
http://www.dmo.gov.uk/index.aspx?page=PWLB/Introduction

R

Royal Institute of Chartered Surveyors (RICS)
Accrediting body for the surveying profession. Surveyors who value our properties must be RICS accredited.
http://www.rics.org/

S

Society of Local Authority Chief Executives and Senior Managers (SOLACE)
SOLACE is the representative body for senior strategic managers working in the public sector. The society promotes effective local government and provides professional development for its members.
http://www.solace.org.uk/index.htm

T

TPA (Teachers Pension Agency)
The agency administers the Teachers pension scheme in England and Wales on behalf of the Department for Education and Skills.
http://www.teacherspensions.co.uk/index.htm

GOVERNMENT FUNDING

A

Area Based Grant
Area Based Grant is a general grant allocated directly to local authorities as additional revenue funding to areas. It is allocated according to specific policy criteria rather than general formulae. Local authorities are free to use all of this non-ringfenced funding as they see fit to support the delivery of local, regional and national priorities in their areas.

D

Dedicated Schools Grant (DSG)
The Council's expenditure on schools is funded primarily by grant monies provided by the DCSF. DSG is ring-fenced and can only be applied to meet expenditure properly included in the schools budget, as defined in the School Finance (England) Regulations 2008.

N

National Non Domestic Rate (NNDR)
NNDR poundage is set annually by the government, collected by local authorities and paid into a national pool. The proceeds are then redistributed by central government as a grant to authorities in accordance with a government formula.

Neighbourhood Renewal Fund (NRF)
Government grant given to local authorities to improve services in most deprived areas.

North West Improvement and Efficiency Partnership (NWIEP)
This is a new partnership formed between the merging of the NW Centre of Excellence and the NW Improvement Network.

R

Revenue Support Grant (RSG)
A government grant to aid local authority services generally. It is based on the government's assessment of how much an authority needs to spend in order to provide a standard level of service.

S

Supported Capital Expenditure (Revenue) (SCE(R))
A source of funding from Central Government which is repaid to government from the revenue accounts.

SCHEMES

Integrated Community Equipment Store (ICES)
This project brings together previously separate community equipment operations in order to achieve more effective and efficient equipment purchase and maintenance. This project works in partnership with Ashton, Wigan and Leigh PCT (see below – PCT).

Local Government Pension Scheme (Greater Manchester Pension Fund)
This is a defined benefit scheme meaning that the authority and employees pay contributions into a fund. Contributions are calculated at a level intended to balance the pension liabilities with investment assets. This scheme is administered by Tameside Council on behalf of the authority and other public sector organisation in Greater Manchester.

Teachers Pension Scheme
Teachers employed by the Council are members of the Teachers' Pension Scheme administered by the Teachers Pension Agency (TPA). It provides teachers with defined benefits upon retirement and the council contributes towards those costs by making contributions based on members' pensionable salaries.

OTHER TERMS OF REFERENCE

A

ALMO (Arms Length Management Organisation)
An ALMO is a not-for-profit organisation run by an unpaid board of directors that includes councillors and tenant representatives. It takes over the running of the housing day-to-day service e.g. ordering repairs and collecting rents; it gets extra cash to spend on improvements if it performs well. The council continues to own the homes; tenants stay as council tenants and keep all their legal rights.

L

LMS (Local Management of Schools)
Under this programme, the schools within the authority have the responsibility of effectively managing their own bank account.

P

PCT (Primary Care Trust)
The National Health Service (NHS) established PCT's as a first port of call for health care. They work with local authorities and other agencies that provide health and social care locally to make sure that local communities have access to health care.

S

SEN (Special Educational Needs)
There are a number of SEN projects running across the Council. The ultimate aim of the schemes is to ensure that every child with special educational needs reaches their full potential in school and can make a successful transition to adulthood. The Council does this by promoting the welfare and interests of disabled children and offering advice for parents, teachers and other professionals working with children with special educational needs.

2010/11 Statement of Accounts Feedback Questionnaire

Here at Wigan Council, we value the input and views of our stakeholders. Having read our 2010/11 Statement of Accounts we would be extremely grateful if you could spare a few moments to complete and return our Feedback Questionnaire.

Your views would be valuable in assisting us to improve the content, language and format used in the 2011/12 Statement of Accounts.

(Please tick the appropriate box and place any comments on the dotted lines provided below)

1. Did you find the information contained within the Statement of Accounts easy to understand?

Yes ☐ No ☐

If No, please state why:

....

....

2. Was there a sufficient level of information to allow you the user to assess the financial performance of Wigan Council?

Yes ☐ No ☐

If No, please state why:

....

....

3. Did you find that the financial information contained was presented in a clear and easy to understand format?

Yes ☐ No ☐

If No, please state why:

....

....

4. Did you find the notes to the accounts added value to the financial statements?

Yes ☐ No ☐

If No, please state why:

....

....

Please turn over the page

5. Did you find the Group financial accounts information relevant and useful?

Yes ☐ No ☐

If No, please state why:

....

....

6. Overall, has the Statement of Accounts been of value in helping you to assess Wigan Council's financial position and performance?

Yes ☐ No ☐

If No, please state why:

....

....

7. Do you think there is anything that should be added to the Statement of Accounts to provide you the user with a more complete view of the financial position and performance of Wigan Council?

Yes ☐ No ☐

If Yes, please state what:

....

....

8. Please state below any further comments or suggested improvements you may have regarding the Statement of Accounts?

....

....

9. Which of the following best describes you?

An employee or elected member of the authority ☐

A member of the public ☐

A member of another organisation/interested party ☐

Thank you for taking the time to complete this questionnaire

Please return the completed feedback questionnaire to:
Anthony Clarke, Wigan Council, Resources Directorate, Finance Division, Civic Centre, Millgate, Wigan, WN1 1DD
If you require any further information please do not hesitate to contact us on 01942 827272